DT INDUSTRIES INC
Form 10-Q/A
March 29, 2004

FORM 10-Q/A
Amendment No. 2

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the Quarterly Period Ended December 28, 2003

Commission File Number: 0-23400

DT INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	44-0537828
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

907 West Fifth Street, Dayton, Ohio 45407
(Address of principal executive offices) (Zip Code)

(937) 586-5600
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act.)

Yes No X

The number of shares of Common Stock, $0.01 par value, of the registrant outstanding as of February 9, 2004 was 23,601,732.

This Form 10-Q/A (Amendment No. 2) is being filed solely to amend and restate "Item 1. Financial Statements" and to file new certifications pursuant to "Item 6. Exhibits and Reports on Form 8-K."

EXPLANATORY NOTE

The Company is filing this Quarterly Report on Form 10-Q/A (Amendment No. 2) for the fiscal quarter ended December 28, 2003 to correct certain information in the Consolidated Financial Statements contained in Item 1 of Part I of the Form 10-Q/A filed with the Securities and Exchange Commission on March 11, 2004 ("Amendment No. 1"). The following balance sheet line items were erroneously transposed (and therefore appeared under the wrong column) in Amendment No. 1 as a result of a financial printer error and should read as follows:

	December 28, 2003 (restated)	June 29, 2003
ASSETS		
Other assets, net	$ 3,881	$ 5,265
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of other long-term debt	$ 45	$ 74
Long-term debt	$ 31	$ 51
Stockholders' equity:		
Unearned portion of restricted stock	$ (114)	$ (178)

Except for the corrected entries in the balance sheet in Item 1 of Part I of this Form 10-Q/A and the filing of updated certifications pursuant to Item 6 of Part II of this Form 10-Q/A, no other information included in Amendment No. 1 is amended by this Form 10-Q/A. The Company has not updated disclosures in this Form 10-Q/A to reflect any event subsequent to the Company's filing of Amendment No. 1.

DT INDUSTRIES, INC.

INDEX
PAGE 1

DT INDUSTRIES, INC.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
PAGE 2

		December 28, 2003 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$	1,798
Accounts receivable, net		26,656
Costs and estimated earnings in excess of amounts billed on uncompleted Contracts		28,865
Inventories, net		10,160
Prepaid expenses and other		3,533

Assets of discontinued operations (Note 5)		25,065
Total current assets		96,077
Property, plant and equipment, net		26,434
Goodwill		63,656
Other assets, net		3,881
	$	190,048
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Senior secured term and revolving credit facility (Note 6)	$	47,422
Current portion of other long-term debt		45
Accounts payable		14,578
Customer advances		5,908
Billings in excess of costs and estimated earnings on uncompleted contracts		10,267
Accrued liabilities		23,266
Liabilities related to discontinued operations (Note 6)		13,606
Total current liabilities		115,092
Long-term debt		31
Other long-term liabilities		25,841
Total long-term obligations		25,872
Commitments and contingencies (Note 12)		
Company-obligated, mandatorily redeemable convertible preferred securities of subsidiary DT Capital Trust holding solely convertible junior subordinated debentures of the Company		37,807
Stockholders' equity:		
Preferred stock, $0.01 par value; 1,500,000 shares authorized; no shares issued and outstanding		--
Common stock, $0.01 par value; 100,000,000 shares authorized; 23,601,732 and 23,647,932 shares issued and outstanding at December 28, 2003 and June 29, 2003, respectively		246
Additional paid-in capital		188,060
Accumulated deficit		(133,500)

Accumulated other comprehensive (loss)	(20,845)
Unearned portion of restricted stock	(114)
Less - Treasury stock 1,029,688 and 983,488 shares at December 28, 2003 and June 29, 2003, respectively), at cost	(22,570)
Total stockholders' equity	11,277
	$ 190,048

See accompanying Notes to Consolidated Financial Statements.

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF OPERATIONS
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 3

	Three months ended		Six mon
	December 28, 2003	December 29, 2002	December 28, 2003
	(Restated)		(Restated)
Net sales	$ 40,218	$ 46,696	$ 75,409
Cost of sales	36,324	40,947	67,586
Gross profit	3,894	5,749	7,823
Selling, general and administrative expenses	8,733	8,928	17,269
Asset Impairment			423
Restructuring charges (Note 13)	610	1,700	1,630
Operating (loss)	(5,449)	(4,879)	(11,499)
Interest expense, net	1,548	1,204	2,879

Accrued dividends on Company-obligated, mandatorily redeemable convertible preferred securities of subsidiary DT Capital Trust holding solely convertible junior subordinated debentures of the Company	401	401	802
Loss from continuing operations before benefit for income taxes	(7,398)	(6,484)	(15,180)
Benefit for income taxes	--	--	--
Loss from continuing operations	(7,398)	(6,484)	(15,180)
Discontinued operations (Note 5):			
Loss from discontinued operations, before benefit for income taxes:			
Converting Technologies	(3,504)	(1,010)	(2,832)
Packaging Systems	(11,432)	(598)	(12,094)
Benefit for income taxes	--	--	--
Loss on discontinued operations	(14,936)	(1,608)	(14,926)
Net loss	$ (22,334)	$ (8,092)	$ (30,106)
Net loss per common share:			
Basic			
From continuing operations	$ (0.31)	$ (0.27)	$ (0.64)
From discontinued operations	(0.63)	(0.07)	(0.63)
Net loss	$ (0.94)	$ (0.34)	$ (1.27)
Diluted			
From continuing operations	$ (0.31)	$ (0.27)	$ (0.64)
From discontinued operations	(0.63)	(0.07)	(0.63)
Net loss	$ (0.94)	$ (0.34)	$ (1.27)
Weighted average common shares outstanding:			
Basic	23,626,239	23,647,932	23,639,659
Diluted	23,626,239	23,647,932	23,639,659

See accompanying Notes to Consolidated Financial Statements.

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS)
(UNAUDITED)
PAGE 4

	Common stock	Additional paid-in capital	Accumulated deficit (Restated)	Accum ot compre l
Balance, June 29, 2003	$ 246	$ 188,060	$ (103,394)	$
Comprehensive loss:				
Net loss			(30,106)	
Deferred Hedging Gain (Loss)				
Foreign currency translation				
Total comprehensive loss				
Amortization of earned portion of restricted stock				
Repurchase of restricted shares				
Balance, December 28, 2003	$ 246	$ 188,060	$ (133,500)	$

	Unearned portion of restricted stock	Total (Restated)
Balance, June 29, 2003	$ (178)	$ 44,381
Comprehensive loss:		

Net loss		(30,106)
Deferred Hedging Gain (Loss)		(375)
Foreign currency translation		(2,634)
Total comprehensive loss		(33,115)
Amortization of earned portion of restricted stock	64	64
Repurchase of restricted shares		(53)
Balance, December 28, 2003	$ (114)	$ 11,277

See accompanying Notes to Consolidated Financial Statements.

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)
(UNAUDITED)
PAGE 5

CASH FLOWS FROM OPERATING ACTIVITIES:

Net loss

Loss from discontinued operations

Loss from continuing operations

Adjustments to reconcile loss from continuing operations to net cash provided (used) by operating activities:

Depreciation

Amortization

Asset Impairment

Deferral of dividends on convertible trust preferred securities

Deferred taxes

(Increase) decrease in current assets, excluding the effect of discontinued operations:

Accounts receivable

Costs and earnings in excess of amounts billed on uncompleted contracts

Inventories

Prepaid expenses and other

Increase (decrease) in current liabilities, excluding the effect of discontinued operations:

Accounts payable

Customer advances

Billings in excess of costs and estimated earnings on uncompleted contracts

Accrued liabilities and other

Net cash provided (used) by operating activities of continuing operations

Net cash provided (used) by operating activities of discontinued operations

Net cash provided (used) by operating activities

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from the sale of assets

Capital expenditures

Net cash provided (used) by investing activities

CASH FLOWS FROM FINANCING ACTIVITIES:

Net borrowings (paydowns) on senior credit facility

Payments on other indebtedness

Financing costs paid

Repurchase of Restricted Shares

Net cash provided (used) by financing activities

Effect of exchange rate changes

Net increase (decrease) in cash

Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

See accompanying Notes to Consolidated Financial Statements.

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 6

---

1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements of DT Industries, Inc. (DTI or the Company) have been prepared in accordance with the instructions for Form 10-Q and do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. However, in the opinion of management, the information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results of operations for the periods presented. Operating results for any quarter are not necessarily indicative of the results for any other quarter or for the full year. These statements should be read in conjunction with the consolidated financial statements and notes to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended June 29, 2003.

2. RESTATEMENT

The Company is filing this Quarterly Report on Form 10-Q/A (Amendment No. 1) for the fiscal quarter ended December 28, 2003 to reflect an increase in the goodwill impairment charge recorded at its Packaging Systems segment. In the Company's Quarterly Report on Form 10-Q originally filed with the SEC on February 11, 2004, the Company did not separately test goodwill for impairment for the Packaging Systems segment that it classified as held for sale. Subsequent to the date the initial Form 10-Q was filed, the Company determined that Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" required this test. As a result of this process, the Company determined it was required to write-off the remainder of its Packaging Systems segment goodwill of $5.7 million, as reflected by:

- o the non-cash charge for goodwill impairment recorded in the period ended December 28, 2003 increased by $5.7 million to $11.6 million and is included in the "Loss from discontinued operations before benefit for income taxes - Packaging Systems" on the Company's Consolidated Statement of Operations;

- o total assets related to discontinued operations has decreased from $30.7 million to $25.1 million as of December 28, 2003; and

- o the loss from discontinued operations before benefit for income taxes has increased from $9.255 million to $14.936 million and from $9.245 million to $14.926 million for the three and six months ended December 28, 2003, respectively.

The above noted changes had no impact on previously reported results from the Company's continuing operations.

On March 8, 2004, the Company completed the sale of its Packaging Systems segment. The net proceeds (after expenses) of $10,460 received by the Company were used to repay its senior bank indebtedness. The Company anticipates it will record a gain on disposal of discontinued operations (no taxes are required to be recorded) of $5,500 in the period ending March 28, 2004 as a result of this transaction.

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 7

---

3. LIQUIDITY AND CAPITAL RESOURCES

The Company has experienced operating losses in the past several years, has an accumulated deficit of $133,500 and its operating performance continues to be adversely impacted by depressed levels of capital spending in the markets it serves. In addition, the Company is currently in default on its senior credit facility due to its failure to make principal payments of approximately $2.7 million due on December 31, 2003 and violation of a minimum net worth covenant. The Company has requested a forebearance agreement from its bank group, but the bank group had neither waived the defaults nor issued forebearance from accelerating payment. The Company's current senior credit facility matures on July 2, 2004 and, to date, the bank group has not indicated its willingness to extend the facility beyond that date. These circumstances raise substantial doubt about the Company's ability to continue as a going concern. The Company's lines of credit are currently overdrawn, it is not able to access any availability under the senior credit facility and it is operating through the management of its cash, including efforts to collect customer payments and delaying payment to vendors, where feasible, to meet its liquidity needs. The Company's ability to meet its short-term liquidity needs and debt obligations would be materially adversely affected if the Company obtains a significant amount of new orders which are not accompanied by advance payments from the customers.

The Company will be required to replace its existing credit facility on July 2, 2004 unless its current bank group elects to extend the facility beyond the maturity date. The Company has had continuing discussions with other potential lenders who could replace the current bank group. In addition, in order to generate cash to reduce its level of indebtedness, the Company has sold the assets of its Converting Technologies operations (see Note 5) and has signed a letter of intent to sell the assets of its Packaging Systems segment. While the Company believes it will be able to identify a new lending source to replace the current bank group, it may not be able to find new financing on terms acceptable to the Company or at a level which would provide acceptable repayment terms to the current bank group, in either case on a timely basis. If the current bank group is not willing to extend the credit facility, new financing at acceptable terms is not available or the Company is not able to generate sufficient cash by selling assets, the Company will not be able to make the lump sum payment that is due on July 2, 2004. If sufficient funds to satisfy obligations under the senior credit facility are not available, the Company will not be able to continue its operations as currently anticipated and may need to initiate bankruptcy proceedings in order to continue its operations with minimal disruption and preserve the value of its assets.

The Company's senior credit facility (see Note 6) matures on July 2, 2004 and borrowings thereunder of $47,422 are presented as current debt in the accompanying December 28, 2003 consolidated balance sheet.

The Company is required to begin paying quarterly distributions of $626 under its 7.16% convertible preferred securities ("TIDES") on September 30, 2004. The Company may elect to defer future quarterly distribution through the maturity date of the TIDES, May 31, 2008, provided it makes the initial distribution on September 30, 2004.

---

4. ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

The accounts of the Company's foreign subsidiaries are maintained in their respective local currencies. The accompanying consolidated financial statements have been translated and adjusted to reflect U.S. dollars in accordance with accounting principles generally accepted in the United States.

STOCK COMPENSATION PLANS

The Company accounts for employee stock options in accordance with Accounting Principles Board No. 25, "Accounting for Stock Issued to Employees" (APB 25). Under APB 25, the Company applies the intrinsic value method of accounting. For employee stock options accounted for using the intrinsic value method, no compensation expense is recognized because the options are granted with an exercise price equal to the market value of the stock on the date of grant. Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123) prescribes the recognition of compensation expense based on the fair value of options or stock awards determined on the date of grant. However, SFAS 123 allows companies to continue to apply the valuation methods set forth in APB 25. For companies that continue to apply the valuation methods set forth in APB 25, SFAS 123 mandates certain pro forma disclosures, as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure", as if the fair value method had been utilized.

Had compensation costs for the Company's stock incentive plans been determined based on the fair value of the options on the grant dates consistent with the methodology prescribed by SFAS 123, the Company's net loss and net loss per basic and diluted share would have been increased to the pro forma amounts indicated below. Because future stock based compensation may be awarded, the pro forma impacts shown below are not necessarily indicative of the impact in future years.

	For the Three Months Ended		For
	December 28, 2003	December 29, 2002	Decemb 28, 20
	(Restated)		(Restat
Net loss - as reported	$ (22,334)	$ (8,092)	$ (3
Add: Total stock-based compensation expense included in net loss - as reported	32	81	
Deduct: Total stock-based compensation expense determined under fair value method for all awards	(76)	(164)	
Net loss - pro forma	$ (22,378)	$ (8,175)	$ (3
Loss per basic and diluted share - as reported	$ (0.94)	$ (0.34)	$
Loss per basic and diluted share - pro forma	$ (0.95)	$ (0.35)	$

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 9

GOODWILL

The changes in the carrying amount of goodwill for the six months ended December 28, 2003 were as follows:

	Material Processing segment	Assembly & Test segment	To
Balance as of June 29, 2003	$ 30,946	$ 32,871	$
Goodwill impairment charge	--	(423)	
Foreign currency translation	--	(32)	
Balance as of September 28, 2003	30,946	32,416	
Foreign currency translation	--	294	
Balance as of December 28, 2003	$ 30,946	$ 32,710	$

5. DISCONTINUED OPERATIONS

On December 16, 2003, the Company entered into an agreement for the sale of substantially all of the assets of its Converting Technologies division (included in the Material Processing segment). The Company also had entered into a non-binding letter of intent to dispose of substantially all of the assets of its Packaging Systems business segment. The Company has presented the assets sold or to be sold, the liabilities assumed or to be assumed by the buyers and the operating results of these businesses as discontinued operations in these financial statements.

The sale of the Converting Technologies assets was completed on January 16, 2004. The Company received net proceeds of $6,000 from the sale, which were used to reduce the Company's indebtedness to its senior lenders. Under the Converting Technologies asset purchase agreement, the Company is responsible for any product liability claims made on equipment sold prior to the asset sale date. The estimated liability for such claims is recorded in the Company's balance sheet accruals at December 28, 2003. The Company expected to sell the assets of the Packaging Systems segment prior to the end of March 2004. See Note 2 for an update regarding completion of this sale.

The assets and liabilities of these business units have been separately identified in the Company's balance sheets as of December 28, 2003 and June 29, 2003. The major classes of assets and liabilities of the discontinued entities are as follows:

	December 28, 2003	June 29, 2003

Assets: (Restated)		
Accounts receivable (net)	$ 6,983	$ 8,468
Inventory (net)	14,388	18,585
Property, Plant and Equipment (net)	2,548	2,845
Goodwill	--	11,500
Other	1,146	2,252
Assets of Discontinued Operations	$ 25,065	$ 43,650

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 10

	December 28, 2003	June 29, 2003
Liabilities:		
Accounts Payable	$ 3,585	$ 3,74
Customer Advances	5,043	8,24
Accrued Liabilities	3,211	3,39
Long-Term Debt - Leases	1,519	1,44
Other Liabilities	248	23
Liabilities of Discontinued Operations	$ 13,606	$ 17,05

Summary operating results of the discontinued operations are as follows:

	Three Months Ended		Six
	December 28, 2003	December 29, 2002	December 28, 2003
	(Restated)		(Restated)
Net Sales	$ 12,471	$ 15,572	$ 24,09
Gross Profit	3,424	3,428	6,45

Selling, General & Administrative Expense	2,129	4,696	4,81
Interest Expense	350	340	69
(Charge) to record Assets at Fair Market Value	(15,881)		(15,88
(Loss) before Benefit for Income Taxes	(14,936)	(1,608)	(14,92

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 11

During December 2003, the Company recorded a charge of $15,881, for goodwill impairment and lower of cost or market adjustments related to inventory and other assets, to adjust the carrying basis of the assets of the Converting Technologies division and Packaging Systems segment to their estimated fair market value, based on indicative offers received from purchasers or potential purchasers of those assets. Included in the charge of $15,881 was $3,100 related to the write-down of inventories at Converting Technologies and $11,600 related to the impairment of goodwill and $1,200 related to establishing additional inventory reserves and write-down of other assets at Packaging Systems. As discussed under Note 2, the goodwill impairment charge at Packaging Systems was determined under SFAS No. 142 by comparing the implied fair value of goodwill to the carrying amount of goodwill at the measurement date. In January 2004, the assets of Converting Technologies were sold, with the proceeds from the sale approximating the adjusted carrying basis of the assets.

The interest expense included above is interest on debt that has been or is expected to be repaid as a result of the disposal transactions, calculated at the average rate of interest the Company paid on its revolving bank loans during the applicable periods.

6. FINANCING

As of December 28, 2003 and June 29, 2003, current and long-term debt consisted of the following:

	DECEMBER 28, 2003	
Term and revolving loans under senior secured credit facility:		

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

Term loan	$ 5,464	$
Revolving loans	41,958	
Other debt	76	
	47,498	
Less - current portion of senior secured credit facility	47,422	
Less - current portions of other debt	45	
Long-term debt	$ 31	$

The Company is currently in default on its senior credit facility due to its failure to make principal payments of approximately $2.7 million due on December 31, 2003 and violation of a minimum net worth covenant. The Company has requested a forebearance agreement from its bank group, but the bank group had neither waived the defaults nor issued forebearance from accelerating payment. The amended senior credit facility consists of a $5,464 term loan and a $42,783 revolving loan ($783 represents a restricted line of credit requiring lender consent to utilize) of which $2,066 is reserved for outstanding letters of credit. After renewal of a British Pound Sterling bank borrowing on December 30, 2003, the total of the amount borrowed under the line of credit ($41,910) plus letters of credit outstanding ($2,066) exceeded the revolving credit line at that date. As a result, the Company does not presently have any availability under the senior credit facility while in default of its credit agreement. In January 2004, the Company repaid $5.7 million of the amount outstanding under the loan using proceeds from the sale of Converting Technologies. However, the Company remains in default of the credit agreement despite this payment.

Significant terms of the senior credit agreement as amended through the date hereof are:

- $1,500 quarterly scheduled commitment reductions prorated between the term and revolving loan commitments through June 2004;
- Interest rates for amounts borrowed under the credit facility

are based on Prime Rate plus 4.0% or Eurodollar Rate plus 4.5%. The interest rates increased 1/2 percentage point on January 31, 2004 as the Company did not reduce the outstanding revolving loans to $18,000 or less, as required under the latest amendment to the credit facility. At December 28, 2003, interest rates on outstanding indebtedness were 8.0% on domestic borrowings and 8.34% on Pound Sterling borrowings.

- Commitment fees of 0.50% per annum payable quarterly on any unused portion of the revolving credit facility, an annual agency fee of $150 and a 1% annual facility fee. An additional fee of $765,000 is due if the credit facility is not repaid in full on or before July 2, 2004.

- Borrowings under the credit facility are collateralized by substantially all of the assets of DTI and its domestic subsidiaries.

The Company has a $4,094 credit facility available from a foreign financial institution, secured by certain of its foreign assets. The facility may be used only to issue bank guarantees, with $3,617 of such guarantees outstanding at December 28, 2003.

7. COMPANY-OBLIGATED, MANDATORILY REDEEMABLE CONVERTIBLE PREFERRED SECURITIES OF SUBSIDIARY DT CAPITAL TRUST HOLDING SOLELY CONVERTIBLE JUNIOR SUBORDINATED DEBENTURES OF THE COMPANY (CONVERTIBLE PREFERRED SECURITIES OR TIDES)

The conversion price of the $35,000 outstanding TIDES (and the Junior Debentures of the Company held by the DT Capital Trust) is $14.00 per share, distributions on the TIDES payable are not required to be paid from April 1, 2002 until July 2, 2004, and the maturity date of the TIDES is May 31, 2008. Distributions are payable on the TIDES at 7.16% beginning September 2004 through their maturity date of May 31, 2008. However, annual dividend expense of $1,604 on the TIDES is being recorded, reflecting an approximate effective yield of 4.6% over the life of the TIDES. Distributions accrued during the period through July 2, 2004 are added to the amount outstanding ($37,807 at December 28, 2003).

8. BUSINESS SEGMENTS

In July 2003, the Company announced the closure of its Precision Assembly segment manufacturing facility in Buffalo Grove, Illinois and the transfer of its manufacturing operation to the Material Processing segment's Lebanon, Missouri facilities. An engineering, sales and service office remains in Illinois to serve Precision Assembly's customers. Accordingly, the Precision Assembly segment has been consolidated into the Material Processing segment for financial reporting purposes and the financial information presented for fiscal 2003 has been reclassified to reflect that the Company currently has two continuing business segments.

During the quarter ended December 28, 2003, the Company identified its Packaging Systems segment as discontinued operations and accordingly eliminated this segment from the following disclosure. In addition, data of the Converting Technologies business, also identified as a discontinued operation, has been eliminated from the Material Processing segment.

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 13

Net sales for the Company's reportable segments for its continuing operations consisted of the following:

	Three months ended		Six months
	December 28, 2003	December 29, 2002	December 28, 2003
Material Processing	$ 10,873	$ 26,663	$ 25,272
Assembly & Test	29,345	20,033	50,137
Consolidated total	$ 40,218	$ 46,696	$ 75,409

The reconciliation of segment operating income (loss) to consolidated loss from continuing operations before income taxes consisted of the following:

	Three months ended		Six m
	December 28, 2003	December 29, 2002	December 28, 2003
Material Processing	$ (3,084)	$ (1,002)	$ (6,50
Assembly & Test	918	(2,072)	58
Operating income (loss) for continuing operations reportable segments	(2,166)	(3,074)	(5,91
Corporate/Other	(3,283)	(1,805)	(5,58
Interest expense, net	(1,548)	(1,204)	(2,87
Dividends on Company- obligated, mandatorily redeemable convertible preferred			

securities of subsidiary DT Capital Trust holding solely convertible junior subordinated debentures of the Company	(401)	(401)	(80
Loss from continuing operations before benefit for income taxes	$ (7,398)	$ (6,484)	$ (15,18

Total assets for the Company's reportable segments and corporate entity and assets of the discontinued operations are as follows:

	December 28, 2003	June 29, 2003
	(Restated)	
Material Processing	$ 63,875	$ 71,881
Assembly & Test	90,136	83,324
Corporate	10,972	11,034
Assets of Discontinued Operations	25,065	43,650
Consolidated total	$ 190,048	$ 209,889

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 14

---

9. SUPPLEMENTAL BALANCE SHEET INFORMATION

	DECEMBE 200
Accounts receivable	

Trade receivables	$
Less - allowance for doubtful accounts	

	$
	=======
Costs and estimated earnings in excess of amounts billed on uncompleted contracts	
Costs incurred on uncompleted contracts	$ 1
Estimated earnings	

	1
Less - Billings to date	(1

	$
	=======
Included in the accompanying balance sheets:	
Costs and estimated earnings in excess of amounts billed	$
Billings in excess of costs and estimated earnings	(

	$
	=======
Inventories, net	
Raw materials	$
Work in process	
Less - inventory reserves	

	$
	=======
Accrued liabilities	
Accrued employee compensation and benefits	$
Accrued warranty	
Restructuring accrual	
Income tax refund accrual	
Other	

	$
	=======

The Company routinely incurs warranty costs after projects are installed and completed. The Company reserves for such warranty costs based on its historical warranty experience and consideration of any known warranty issues. A summary of the warranty reserves for the three and six months is as follows:

	For the Three Months Ended		For the Six Months Ended	
	December 28, 2003	December 29, 2002	December 28, 2003	December 29, 2002
Beginning	$ 1,790	$ 2,346	$ 1,712	$ 2,720
Expenses	412	330	865	464
Charges	(628)	(724)	(1,003)	(1,232)
Ending	$ 1,574	$ 1,952	$ 1,574	$ 1,952

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 15

---

10. CONTRACT COSTS

Included in Costs and Estimated Earnings in Excess of Amounts Billed on Uncompleted Contract (CIE) and in Raw Materials Inventory is $5.9 million of costs incurred to manufacture equipment to produce biodegradable food packaging products. Netted against the costs in CIE is a payment of $3.3 million from a customer under a contract to purchase this equipment, which contract was subsequently cancelled by the customer (see Note 11). The Company has filed a claim for in excess of $6.4 million of cancellation charges on this contract.

Subsequent to the above contract cancellation, the Company signed an agreement with another customer to manufacture equipment to produce a product similar to that noted above. The Company expects to use a significant portion of the CIE and inventory noted above to manufacture this equipment. The current customer contract requires the equipment to satisfy certain production specifications before the customer will take delivery of the equipment and further production specifications before the customer will pay for the equipment. In addition, the equipment must produce commercially saleable product for the customer, which includes products at a rate, quality and cost allowing the customer to sell the products into its marketplace. If the equipment does not meet all of these criteria, the customer may reject the equipment and cancel the contract with no obligation to the Company. The Company has not yet met these criteria and does not anticipate being able to achieve these criteria within the timeframe required under the current customer contract. However, the Company has requested an extension of time from the customer to achieve the specified production criteria and is optimistic that the customer will grant such an extension. The Company believes that it will be able to attain the production criteria under the present contract.

At December 28, 2003, the Company was carrying $2.6 million of net CIE and Inventory in its accounts. If the Company is unable to meet all of the aforementioned production criteria/specifications under the current customer contract, it will likely have to take impairment against a portion of all of the carrying costs of the equipment.

11. ACCOUNTING PRONOUNCEMENTS

In December 2003, the FASB issued a revision to FASB Statement No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" that revises employers' disclosures about pension plans and other postretirement benefit plans. It does not change the measurement or recognition of those plans required by FASB Statements No. 87, Employers' Accounting for Pensions, No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. This Statement retains the disclosure requirements contained in FASB Statement No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits, which it replaces. It requires additional disclosures to those in the original FAS 132 about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. The required information should be provided separately for pension plans and for other postretirement benefit plans. The provisions of FAS 132 remain in effect until the provisions of this Statement are adopted. This Statement is effective for financial statements with fiscal years ending after December 15, 2003, except that disclosure of information about foreign plans required by this Statement is effective for fiscal years ending after June 15, 2004. The interim-period disclosures required by this Statement are effective for interim periods beginning after December 15, 2003.

In January 2003, the FASB issued FASB Interpretation No. 46 (FIN 46), "Consolidation of Variable Interest Entities," which addresses the reporting and consolidation of variable interest entities as they relate to a business enterprise. This interpretation incorporates and supersedes the guidance set forth in ARB No. 51, "Consolidated Financial Statements." It requires the consolidation of variable interests into the financial statements of a business enterprise if that enterprise holds a controlling financial interest via other means than the traditional voting majority. The provisions of FIN 46 are effective immediately for variable interest entities created after January 31, 2003 and thereafter. In December 2003, the FASB issued FIN46R, a revision to the previously issued FIN46, which defers the implementation date. The effective date for FIN46R is the end of the first interim or annual period subsequent to March 15, 2004, which is the third quarter of fiscal 2004 for the Company. Pursuant to FIN 46R, the Company's wholly-owned consolidated subsidiary trust (the "Trust") will be required to be deconsolidated. The Company, would, however maintain a liability to the Trust relative to the debentures of the Company held by the Trust. The Company has not created any new variable interest entities since January 31, 2003.

In May 2003, the FASB issued FASB Statement No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This Statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity and requires that an issuer classify a financial instrument that is within its scope as a liability. Certain provisions of this statement that are applicable to the Company have been indefinitely deferred.

12. COMMITMENTS AND CONTINGENCIES

The staff of the Securities and Exchange Commission (the "Commission") is conducting an investigation of the accounting practices at the Company's Kalish and Sencorp subsidiaries that led to the restatements of its consolidated financial statements for fiscal years 1997, 1998 and 1999 and the first three quarters of fiscal 2000, as well as the issues at the Company's AMI subsidiary that led to the accounting adjustments to the Company's previously reported audited consolidated financial results for the fiscal years ended June 24, 2001, June 25, 2000 and June 27, 1999, and to the Company's previously reported unaudited consolidated financial results for the first three fiscal quarters of 2002. The Company is cooperating fully with the Commission in connection with its investigation.

In November 1998, pursuant to the agreement by which the Company acquired Kalish, Mr. Graham L. Lewis, a former executive officer and director of DTI, received an additional payment based on Kalish's earnings for each of the three years after the closing. As a result of the prior restatement due to accounting practices at Kalish, the Company believes that the additional payment should not have been made. During fiscal 2001, we commenced legal action against Mr. Lewis in Superior Court, Civil Division in Montreal, Quebec to recover this payment and certain bonuses paid to Mr. Lewis. Mr. Lewis has counter-sued for wrongful termination and is seeking to recover monetary damages, including severance, loss of future income, emotional distress and harm to reputation, equal to $2.8 million Canadian dollars. There has been little discovery in these actions to date. Management believes that the Company's suit against Mr. Lewis has merit. Management further believes that Mr. Lewis' counter-suit is without merit. The Company intends to pursue vigorously its claims against Mr. Lewis and defend against his counter-suit.

DT INDUSTRIES, INC.

ITEM 1. FINANCIAL STATEMENTS
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR PERIOD ENDED DECEMBER 28, 2003
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
(UNAUDITED)
PAGE 17

In July 2003, Green Packaging SDN BHD and Green Earth Packaging Corp. (collectively, "Green Packaging") filed a complaint against Detroit Tool & Engineering Company ("DTE"), a wholly-owned subsidiary of DTI, in the Superior Court of the State of California, County of Santa Barbara. As causes of action, the complaint alleges breach of contract, misappropriation of trade secrets, breach of confidence, unfair business practices, conversion and similar claims arising out of a purchase order pursuant to which DTE was to manufacture for Green Packaging four lines of equipment for the purpose of producing biodegradable food packaging using technology and processes licensed by Green Packaging from Earthshell Corporation. In its complaint, Green Packaging seeks damages "believed to be in excess of $3.3 million," punitive damages and injunctive relief. Prior to the filing of the complaint, Green Packaging had notified DTE that it was canceling its purchase order for the equipment, and DTE had invoiced Green Packaging for cancellation charges in excess of $6.4 million, which has not been paid, nor has it been recognized in the Company's financial statements. DTE filed a motion to quash service of the summons and complaint for lack of personal jurisdiction. Rather than responding to the motion, on September 29, 2003, Green Packaging amended its complaint and added DTI as a defendant in that action. The causes of action in the amended complaint are the same as those asserted in the original complaint, with additional claims made for breach of guarantee and breach of an additional agreement. The Company and DTE have filed a motion to quash service of the summons and amended complaint for lack of personal jurisdiction. The motion is noticed to be heard on April 22, 2004. In addition, the Company intends to vigorously defend Green Packaging's action and to vigorously pursue its claim again Green Packaging for the above-referenced cancellation charges.

Product liability claims are asserted against the Company from time to time for various injuries alleged to have resulted from defects in the manufacture and/or design of its products. At December 28, 2003, there were seven such claims either pending or that may be asserted against the Company. The Company does not believe that the resolution of these claims, either individually or in the aggregate, will have a material adverse effect on its financial condition, results of operations or cash flow. Product liability claims are covered by the Company's comprehensive general liability insurance policies, subject to certain deductible amounts. The Company has established reserves for these deductible amounts, which it believes to be adequate based on its previous claims experience. However, there can be no assurance that resolution of product liability claims in the future will not have a material adverse effect on the Company's financial condition, results of operations or cash flow.

The Company is from time to time subject to claims and suits arising in the ordinary course of business. Although the ultimate disposition of such proceedings is not presently determinable, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the Company's financial condition, results of operations or cash flows. The Company maintains comprehensive general liability insurance that it believes to be adequate its business.

13. RESTRUCTURING

As outlined in its Annual Report on Form 10-K for the fiscal year ended June 29, 2003, during fiscal 2003, 2002 and 2001, the Company took several actions in connection with a plan to restructure its business operations.

In July 2003, the Company announced the decision to transfer its manufacturing operations in Buffalo Grove, Illinois of the Precision Assembly segment to its Lebanon, Missouri manufacturing facilities as part of the Material Processing segment. Accordingly, the Precision Assembly segment has been consolidated into the Material Processing segment for financial reporting purposes. Due to the transfer of these operations, the Company recorded a restructuring charge of $1,230 in the first six months of fiscal 2004 ($210 in the three months ended December 28, 2003), including severance costs of $1,173 for the termination of 69 employees.

The restructuring reserve at June 29, 2003 pertains to two vacant facilities and one facility sublet at approximately 75% of the current lease rates. The reserve represents lease payments on the vacant facilities through June 2004 and the partial lease payments on the sublet facility through the life of the sublease (2013). The Company's Packaging Systems segment leases a now vacant manufacturing facility, the liability for which the Company does not expect to be assumed by a buyer of the business. Although the Company continues to actively seek a tenant for the facility, it has not, to date, been able to locate such a tenant. Therefore, the Company provided an additional $400 in its reserve for future lease costs on closed facilities in December 2003. The $400 reserve represents the discounted value of the excess of the Company's rental payments for the remaining lease term over current market rental payments for a similar property.

A summary of the restructuring reserve for the six months and three months ended December 28, 2003 is as follows:

	FOR THE SIX MONT	
	JUNE 29, 2003	CHARGED TO EXPENSE
Severance costs	$ --	$ 1,173
Future lease costs on closed facilities	1,004	400
Other	--	57
	$ 1,004	$ 1,630

	FOR THE THREE MO	
	SEPTEMBER 28, 2003	CHARGED TO EXPENSE
Severance costs	$ 669	$ 178
Future lease costs on closed facilities	772	400
Other	--	32
	$ 1,441	$ 610

DT INDUSTRIES, INC.

PART II. OTHER INFORMATION
PAGE 19

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934

32 Certification Pursuant to 18 U.S.C. Section 1350 As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K:

On October 22, 2003, a Current Report on Form 8-K was filed, pursuant to items 5 and 7 thereof, announcing that the Company had reached an agreement with its lenders to amend its senior credit facility.

On November 12, 2003, a Current Report on Form 8-K was filed to report, pursuant to Items 5 and 7 thereof, the release of the Company's earnings for the three months ended September 28, 2003.

DT INDUSTRIES, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned thereunto duly authorized.

DT INDUSTRIES, INC.

Date: March 29, 2004

/s/ John M. Casper

(Signature)
John M. Casper
Senior Vice President, Finance and Chief Financial Officer
(Principal Financial and Accounting Officer)