

TWIN DISC INC
Form 10-Q
May 04, 2015

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 27, 2015

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 29, 2015, the registrant had 11,268,011 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)

	March 27, 2015	June 30, 2014
Assets		
Current assets:		
Cash	\$23,607	\$24,757
Trade accounts receivable, net	35,729	40,219
Inventories, net	90,039	97,579
Deferred income taxes	4,713	4,779
Other	13,926	12,763
Total current assets	168,014	180,097
Property, plant and equipment, net	55,791	60,267
Goodwill, net	12,818	13,463
Deferred income taxes	1,340	2,556
Intangible assets, net	2,264	2,797
Other assets	6,149	7,805
Total assets	\$246,376	\$266,985
Liabilities and Equity		
Current liabilities:		
Short-term borrowings and current maturities of long-term debt	\$3,571	\$3,604
Accounts payable	24,859	22,111
Accrued liabilities	29,152	31,265
Total current liabilities	57,582	56,980
Long-term debt	8,829	14,800
Accrued retirement benefits	28,764	37,006
Deferred income taxes	1,324	1,778
Other long-term liabilities	3,050	4,110
Total liabilities	99,549	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	11,969	11,973
Retained earnings	191,384	183,695
Accumulated other comprehensive loss	(29,074)	(15,943)
	174,279	179,725

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Less treasury stock, at cost (1,831,457 and 1,837,595 shares, respectively)	28,047	28,141
Total Twin Disc shareholders' equity	146,232	151,584
Noncontrolling interest	595	727
Total equity	146,827	152,311
Total liabilities and equity	\$246,376	\$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		Nine Months Ended	
	Mar. 27, 2015	Mar. 28, 2014	Mar. 27, 2015	Mar. 28, 2014
Net sales	\$60,941	\$60,705	\$198,456	\$190,343
Cost of goods sold	41,935	44,177	134,958	134,604
Gross profit	19,006	16,528	63,498	55,739
Marketing, engineering and administrative expenses	15,669	16,870	48,086	49,572
Restructuring of operations	-	-	-	1,094
Earnings (loss) from operations	3,337	(342)	15,412	5,073
Interest expense	122	220	436	697
Other (income) expense, net	(539)	68	(1,021	