

INGERSOLL RAND CO LTD
Form 10-Q
August 08, 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 quarterly period ended June 30, 2008

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission File Number 1-985

INGERSOLL-RAND COMPANY LIMITED

(Exact name of registrant as specified in its charter)

Bermuda

75-2993910

(State or other jurisdiction of incorporation or organization) *(I.R.S. Employer Identification No.)*

Clarendon House

2 Church Street

Hamilton HM 11, Bermuda

(Address of principal executive offices)

(441) 295-2838

(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" 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

The number of Class A common shares outstanding as of July 31, 2008 was 318,526,858.

INGERSOLL-RAND COMPANY LIMITED**FORM 10-Q****INDEX**

PART I		FINANCIAL INFORMATION		
	Item 1	-	Financial Statements	
			Condensed Consolidated Income Statement for the three and six months ended June 30, 2008 and 2007	1
			Condensed Consolidated Balance Sheet at June 30, 2008 and December 31, 2007	2
			Condensed Consolidated Statement of Cash Flows for the three and six months ended June 30, 2008 and 2007	3
			Notes to Condensed Consolidated Financial Statements	4
	Item 2	-	Management's Discussion and Analysis of Financial Condition and Results of Operations	38
	Item 3	-	Quantitative and Qualitative Disclosures about Market Risk	59
	Item 4	-	Controls and Procedures	59
PART II		OTHER INFORMATION		
	Item 1	-	Legal Proceedings	59
	Item 1A	-	Risk Factors	61
	Item 4	-	Submission of Matters to a Vote of Security Holders	65
	Item 6	-	Exhibits	65
SIGNATURES				70
CERTIFICATIONS				

PART I - FINANCIAL INFORMATION**Item 1. Financial Statements**

INGERSOLL-RAND COMPANY LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
(Unaudited)

<i>In millions, except per share amounts</i>	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net revenues	\$ 3,080.8	\$ 2,224.6	\$ 5,244.1	\$ 4,200.8
Cost of goods sold	(2,196.1)	(1,589.7)	(3,737.1)	(3,005.6)
Selling and administrative expenses	(523.1)	(360.8)	(898.4)	(712.5)
Operating income	361.6	274.1	608.6	482.7
Interest expense	(45.6)	(30.8)	(73.1)	(66.5)
Other, net	26.2	8.6	65.5	8.5
Earnings before income taxes	342.2	251.9	601.0	424.7
Provision for income taxes	(79.7)	(43.9)	(126.8)	(60.1)
Earnings from continuing operations	262.5	208.0	474.2	364.6
Discontinued operations, net of tax	(6.4)	756.1	(36.5)	817.0
Net earnings	\$ 256.1	\$ 964.1	\$ 437.7	\$ 1,181.6
Basic earnings per common share:				
Continuing operations	\$ 0.91	\$ 0.69	\$ 1.69	\$ 1.20
Discontinued operations	(0.02)	2.52	(0.13)	2.70
Net earnings	\$ 0.89	\$ 3.21	\$ 1.56	\$ 3.90
Diluted earnings per common share:				
Continuing operations	\$ 0.90	\$ 0.68	\$ 1.67	\$ 1.19
Discontinued operations	(0.02)	2.49	(0.13)	2.66
Net earnings	\$ 0.88	\$ 3.17	\$ 1.54	\$ 3.85
Dividends per common share	\$ 0.18	\$ 0.18	\$ 0.36	\$ 0.36

See accompanying notes to condensed consolidated financial statements.

INGERSOLL-RAND COMPANY LIMITED
CONDENSED CONSOLIDATED BALANCE SHEET
(Unaudited)

<i>In millions</i>	June 30, 2008	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 787.3	\$ 4,735.3
Accounts and notes receivable	3,072.0	1,660.7
Inventories	1,800.5	827.2
Other current assets	915.2	477.5
Total current assets	6,575.0	7,700.7
Property, plant and equipment, net	2,128.3	904.9
Goodwill	10,174.3	3,993.3
Intangible assets, net	5,224.0	724.6
Other noncurrent assets	1,782.1	1,052.7
Total assets	\$ 25,883.7	\$ 14,376.2
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 1,348.5	\$ 721.2
Accrued compensation and benefits	479.9	338.9
Accrued expenses and other current liabilities	1,622.7	1,434.6
Short-term borrowings and current maturities of long-term debt	4,768.8	741.0
Total current liabilities	8,219.9	3,235.7
Long-term debt	1,189.9	712.7
Postemployment and other benefit liabilities	1,300.0	941.9
Deferred income taxes	2,440.2	539.9
Other noncurrent liabilities	1,837.7	940.6
Minority interests	103.5	97.5
Shareholders' equity:		
Class A common shares	318.5	272.6
Capital in excess of par value	2,248.2	-
Retained earnings	7,728.3	7,388.8
Accumulated other comprehensive income (loss)	497.5	246.5
Total shareholders' equity	10,792.5	7,907.9
Total liabilities and shareholders' equity	\$ 25,883.7	\$ 14,376.2

See accompanying notes to condensed consolidated financial statements.

INGERSOLL-RAND COMPANY LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

<i>In millions</i>	Six months ended June 30,	
	2008	2007
Cash flows from operating activities:		
Net earnings	\$ 437.7	\$ 1,181.6
(Income) loss from discontinued operations, net of tax	36.5	(817.0)
Adjustments to arrive at net cash provided by (used in) operating activities:		
Depreciation and amortization	127.2	70.7
Stock settled share-based compensation	26.4	17.8
Changes in other assets and liabilities, net	(1,183.9)	(250.1)
Other, net	50.8	0.5
Net cash provided by (used in) continuing operating activities	(505.3)	203.5
Net cash provided by (used in) discontinued operating activities	(20.0)	8.0
Cash flows from investing activities:		
Capital expenditures	(104.7)	(57.9)
Proceeds from sale of property, plant and equipment	23.0	9.0
Acquisitions, net of cash acquired (\$320.4 in 2008)	(7,085.5)	(3.7)
Proceeds from business dispositions, net of cash	9.7	1,291.7
Other, net	(19.1)	3.5
Net cash provided by (used in) continuing investing activities	(7,176.6)	1,242.6
Net cash provided by (used in) discontinued investing activities	-	(39.8)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	3,901.0	(383.3)
Payments of long-term debt	(134.5)	(11.2)
Net change in debt	3,766.5	(394.5)
Debt issuance costs	(11.4)	-
Dividends paid	(98.2)	(109.6)
Proceeds from exercise of stock options		