

DOUGLAS DYNAMICS, INC
Form 10-Q
August 13, 2010
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

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: 001-34728

DOUGLAS DYNAMICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

134275891
(I.R.S. Employer
Identification No.)

7777 North 73rd Street

Milwaukee, Wisconsin 53223

(Address of principal executive offices) (Zip code)

(414) 354-2310

(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 Web site, 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 the definitions 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
(Do not check if a smaller reporting company)

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

Number of shares of registrant's common shares outstanding as of August 13, 2010 was 21,405,426

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Douglas Dynamics, Inc.****Consolidated Balance Sheets****(In thousands, except share data)**

	June 30, 2010 (unaudited)	December 31, 2009 (audited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,981	\$ 69,073
Accounts receivable, net	58,645	32,172
Inventories	25,624	26,697
Deferred income taxes	3,729	3,729
Prepaid income taxes	7,627	--
Prepaid management fees-related party	--	417
Prepaid and other current assets	964	1,446
Total current assets	106,570	133,534
Property, plant, and equipment, net	24,951	26,661
Goodwill	107,222	107,222
Other intangible assets, net	129,870	132,950
Deferred financing costs, net	1,214	3,311
Other long-term assets	942	941
Total assets	\$ 370,769	\$ 404,619
Liabilities, redeemable stock and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 6,437	\$ 5,170
Accrued expenses and other current liabilities	11,794	12,598
Accrued interest	24	5,367
Income taxes payable	--	1,202
Short-term borrowings	20,000	--
Current portion of long-term debt	1,250	850
Total current liabilities	39,505	25,187
Retiree health benefit obligation	7,661	7,848
Pension obligation	8,775	8,957

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Deferred income taxes	21,209	18,913
Deferred compensation	1,607	1,482
Long-term debt, less current portion	120,888	231,813
Other long-term liabilities	2,110	2,195
Reedemable preferred stock - Series A, par value \$0.01, 65,000 shares authorized, no shares outstanding at June 30, 2010 and December 31, 2009	--	--
Reedemable preferred stock - Series B, par value \$0.01, no shares outstanding at June 30, 2010 and one share outstanding at December 31, 2009	--	1
Reedemable preferred stock - Series C, par value \$0.01, no shares outstanding at June 30, 2010 and one share outstanding at December 31, 2009	--	1
Stockholders' equity:		
Common Stock, par value \$0.01, 200,000,000 shares authorized at June 30, 2010, 23,750,000 authorized at December 31, 2009, 21,310,426 and 14,421,736 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively	213	144
Additional paid-in capital	125,663	59,973
Stockholders' notes receivable	(473)	(1,013)
Retained earnings	47,411	53,055
Accumulated other comprehensive loss, net of tax	(3,800)	(3,937)
Total stockholders' equity	169,014	108,222
Total liabilities, redeemable stock and stockholders' equity	\$ 370,769	\$ 404,619

See the accompanying notes to consolidated financial statements

Table of Contents**Douglas Dynamics, Inc.****Consolidated Statements of Operations****(In thousands, except share data)**

	Three Months Ended		Six Months Ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
	(unaudited)		(unaudited)	
Net sales	\$ 66,243	\$ 59,637	\$ 80,890	\$ 74,810
Cost of sales	41,182	40,122	53,849	52,282
Gross profit	25,061	19,515	27,041	22,528
Selling, general, and administrative expense	7,900	4,995	13,708	10,527
Intangibles amortization	1,540	1,540	3,080	3,080
Management fees-related party	5,966	330	6,313	655
Income from operations	9,655	12,650	3,940	8,266
Interest expense, net	(2,989)	(3,942)	(6,704)	(7,954)
Loss on extinguishment of debt	(7,967)	--	(7,967)	--
Other income (expense), net	(1)	(24)	5	(83)
Income (loss) before taxes	(1,302)	8,684	(10,726)	229
Income tax expense (benefit)	(1,377)	3,019	(5,082)	(974)
Net income (loss)	\$ 75	\$ 5,665	\$ (5,644)	\$ 1,203
Weighted average number of common shares outstanding:				
Basic	18,236,818	14,421,736	16,339,816	14,425,674
Diluted	18,520,117	14,747,041	16,339,816	14,750,979
Earnings (loss) per share:				
Basic	\$ 0.00	\$ 0.39	\$ (0.35)	\$ 0.08
Diluted	\$	\$	\$	\$