

TENNANT CO  
Form 10-Q  
August 06, 2008

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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 1-16191

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TENNANT COMPANY

(Exact name of registrant as specified in its charter)

Minnesota  
(State or other jurisdiction of incorporation or  
organization)

41-0572550  
(I.R.S. Employer Identification No.)

701 North Lilac Drive  
P.O. Box 1452  
Minneapolis, Minnesota 55440  
(Address of principal executive offices)  
(Zip Code)

(763) 540-1200  
(Registrant's telephone number, including area code)

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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

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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.

Large accelerated filer		Accelerated filer	<input type="checkbox"/>
	(Do not check if a smaller		
Non-accelerated filer	reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

As of July 31, 2008, 18,417,958 shares of Common Stock were outstanding.

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## TENNANT COMPANY

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

(In thousands, except shares and per share data)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
Net sales	\$ 193,584	\$ 165,203	\$ 362,184	\$ 320,281
Cost of sales	111,381	94,371	210,341	185,672
Gross profit	82,203	70,832	151,843	134,609
Operating expense:				
Research and development expense	5,702	6,044	11,740	11,789
Selling and administrative expense	60,751	49,711	115,830	98,596
Gain on divestiture of assets	(246)	-	(246)	-
Total operating expense	66,207	55,755	127,324	110,385
Profit from operations	15,996	15,077	24,519	24,224
Other income (expense):				
Interest income	216	378	528	915
Interest expense	(1,197)	(198)	(1,685)	(449)
Foreign currency transaction gain (loss)	146	454	(614)	442
ESOP income	311	723	1,014	1,116
Other income (expense), net	(750)	(32)	(744)	(704)
Total other income (expense), net	(1,274)	1,325	(1,501)	1,320
Profit before income taxes	14,722	16,402	23,018	25,544
Income tax expense	6,430	5,948	9,490	9,239
Net earnings	\$ 8,292	\$ 10,454	\$ 13,528	\$ 16,305
Earnings per share:				
Basic earnings	\$ 0.45	\$ 0.56	\$ 0.73	\$ 0.87
Diluted earnings	\$ 0.44	\$ 0.55	\$ 0.72	\$ 0.85
Weighted average common shares outstanding:				
Basic	18,402,929	18,712,246	18,421,919	18,714,112
Diluted	18,778,343	19,178,925	18,820,811	19,191,588