

MANITOWOC CO INC
Form 10-Q/A
March 14, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

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**Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities
Exchange Act of 1934**

For the quarterly period ended June 30, 2004

or

o

**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
1-11978

The Manitowoc Company, Inc.
(Exact name of registrant as specified in its charter)

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Wisconsin
(State or other jurisdiction
of incorporation or organization)

39-0448110
(I.R.S. Employer
Identification Number)

2400 South 44th Street,
Manitowoc, Wisconsin
(Address of principal executive offices)

54221-0066
(Zip Code)

(920) 684-4410

(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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the Registrant's common stock, \$.01 par value, as of June 30, 2004, the most recent practicable date, was 26,739,525.

Restatement

The company hereby amends its Form 10-Q (Items 1, 4 and 6) for the quarterly period ended June 30, 2004. This amendment corrects items in the company's Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income and related notes that relate to the accounting treatment of goodwill and other intangibles associated with the Registrant's foreign acquisitions, as described below.

During the course of the audit of our 2004 financial statements, we determined that the accounting treatment of certain of the company's goodwill and other intangibles related to our foreign acquisitions did not comply with the requirements of Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation. We maintained the value of goodwill and other intangibles associated with our 2001 and 2002 foreign acquisitions at the historic foreign currency exchange rates in place at the date of the acquisition. We now have concluded that we should have translated these intangible assets into our reporting currency at the exchange rates at each balance sheet date to reflect changes in the applicable foreign currency exchange rates. This amendment restates the company's Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, and related notes included herein to translate these intangible assets at the end of the periods reported to reflect changes in the applicable foreign exchange rates.

The cumulative impact of the error increases the company's intangible asset balance and currency translation adjustment balance within shareholders' equity by \$51.1 million and \$57.6 million as of June 30, 2004 and December 31, 2003, respectively. This change has no impact on the company's historical Consolidated Income Statements or Statements of Cash Flows, its financial debt covenants in prior years, or its previous intangible asset impairment analyses under SFAS No. 142, Goodwill and Other Intangible Assets. This change increases (decreases) comprehensive income by \$(1.7) million \$11.2 million, \$(6.4) million and \$16.7 million for the three months ended June 30, 2004 and 2003, and

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six months ended June 30, 2004 and 2003, respectively.

See Note 1, Restatement in our Notes to Consolidated Financial Statements for further information regarding this restatement.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE MANITOWOC COMPANY, INC.
Consolidated Statements of Operations
For the Three and Six Months Ended June 30, 2004 and 2003
(Unaudited)
(In thousands, except per-share and average shares data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net sales	\$ 526,212	\$ 413,824	\$ 938,038	\$ 774,733
Costs and expenses:				
Cost of sales	421,138	320,490	741,647	603,656
Engineering, selling and administrative expenses	69,144	65,215	137,136	126,130
Amortization expense	767	728	1,557	1,427
Restructuring and plant consolidation costs	801	4,178	801	4,178
Total costs and expenses	491,850	390,611	881,141	735,391
Earnings from operations	34,362	23,213	56,897	39,342
Other expenses:				
Interest expense	(13,917)	(15,329)	(27,465)	(29,948)
Other income (expense), net	(267)	5	238	(36)
Total other expense	(14,184)	(15,324)	(27,227)	(29,984)
Earnings from continuing operations before taxes on income	20,178	7,889	29,670	9,358
Provision for taxes on income	5,407	2,300	8,159	2,799
Earnings from continuing operations	14,771	5,589	21,511	6,559
Discontinued operations:				
Loss from discontinued operations, net of income taxes of \$(95), \$(161), \$(282), and \$(534)	(228)	(392)	(1,199)	(1,117)
Gain (loss) on sale or closure of discontinued operations, net of income taxes of \$291, \$(1,600), \$108, and \$(1,451)	709	(3,884)	709	(3,594)
Net earnings	\$ 15,252	\$ 1,313	\$ 21,021	\$ 1,848
Basic earnings per share:				
Earnings from continuing operations	\$ 0.55	\$ 0.21	\$ 0.81	\$ 0.25
Loss from discontinued operations, net of income taxes	(0.01)	(0.01)	(0.04)	(0.04)
Gain (loss) on sale or closure of discontinued operations, net of income	0.03	(0.15)	0.03	(0.14)
Net earnings	\$ 0.57	\$ 0.05	\$ 0.79	\$ 0.07

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Diluted earnings per share:

Earnings from continuing operations	\$	0.54	\$	0.21	\$	0.79	\$	0.25
Loss from discontinued operations, net of income taxes		(0.01)		(0.01)		(0.04)		(0.04)
Gain (loss) on sale or closure of discontinued operations, net of income		0.03		(0.15)		0.03		(0.14)
Net earnings	\$	0.56	\$	0.05	\$	0.77	\$	0.07
Weighted average shares outstanding - basic		26,727,708		26,544,501		26,697,340		26,543,320
Weighted average shares outstanding - diluted		27,196,924		26,628,261		27,147,693		26,603,182

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.
Consolidated Balance Sheets
As of June 30, 2004 and December 31, 2003

(Unaudited)
(In thousands, except share data)

	June 30, 2004 (as restated)	December 31, 2003 (as restated)
Assets		
Current Assets:		
Cash and cash equivalents	\$ 46,951	\$ 44,968
Marketable securities	2,225	2,220
Accounts receivable, less allowances of \$28,168 and \$24,419	276,660	245,010
Inventories - net	307,506	232,877
Deferred income taxes	72,057	71,781
Other current assets	44,484	49,233
Total current assets	749,883	646,089
Property, plant and equipment - net	334,013	334,618
Goodwill	435,586	438,925
Other intangible assets - net	144,802	149,256
Deferred income taxes	36,374	34,491
Other non-current assets	64,492	56,770
Total assets	\$ 1,765,150	\$ 1,660,149
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 519,794	\$ 454,394
Current portion of long-term debt	3,640	3,205
Short-term borrowings	18,351	22,011
Product warranties	32,313	33,823
Product liabilities	29,399	31,791
Total current liabilities	603,497	545,224
Non-Current Liabilities:		
Long-term debt, less current portion	562,732	567,084
Pension obligations	55,697	57,239
Postretirement health and other benefit obligations	54,468	54,283
Other non-current liabilities	117,818	80,327
Total non-current liabilities	790,715	758,933
Commitments and contingencies (Note 6)		
Stockholders' Equity:		
Common stock (36,746,482 shares issued, 26,739,525 and 26,572,024 shares outstanding, respectively)	367	367
Additional paid-in capital	82,925	81,297
Accumulated other comprehensive income	31,216	40,800
Unearned compensation	(187)	(328)
Retained earnings	361,813	340,792
Treasury stock, at cost (10,006,957 and 10,174,458 shares, respectively)	(105,196)	(106,936)
Total stockholders' equity	370,938	355,992
Total liabilities and stockholders' equity	\$ 1,765,150	\$ 1,660,149

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See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2004 and 2003

(Unaudited)

(In thousands)

	Six Months Ended June 30,	
	2004	2003
Cash Flows from Operations:		
Net earnings	\$ 21,021	\$ 1,848
Adjustments to reconcile net earnings to cash provided by operating activities of continuing operations:		
Discontinued operations, net of income taxes	490	4,711
Depreciation	25,511	23,042
Amortization of intangible assets	1,557	1,427
Amortization of deferred financing fees	1,635	2,204
Loss on debt extinguishment	555	
Restructuring and plant consolidation costs	801	4,178
Deferred income taxes	(3,186)	(2,544)
Gain on sale of property, plant and equipment	(608)	(636)
Changes in operating assets and liabilities, excluding effects of business acquisitions and divestitures:		
Accounts receivable	(43,678)	(31,566)
Inventories	(106,814)	(14,517)
Other current assets	(2,873)	1,821
Accounts payable and accrued expenses	66,258	25,107
Other liabilities	31,566	8,174
Net cash provided by (used for) operating activities of continuing operations	(7,765)	23,249
Net cash provided by (used for) operating activities of discontinued operations	(555)	787
Net cash provided by (used for) operating activities	(8,320)	24,036
Cash Flows from Investing:		
Capital expenditures	(18,493)	(11,145)
Proceeds from sale of property, plant and equipment	3,588	4,974
Sale (purchase) of marketable securities	(5)	119
Net cash used for investing activities of continuing operations	(14,910)	(6,052)
Net cash provided by investing activities of discontinued operations	9,000	6,989
Net cash provided by (used for) investing activities	(5,910)	937
Cash Flows from Financing:		
Payments on long-term debt	(7,814)	(26,274)
Proceeds from long-term debt		
Payments on revolver borrowings - net	9,711	(2,000)
Proceeds from notes financing	11,276	
Debt issuance costs		(742)
Exercises of stock options	3,368	78
Net cash provided by (used for) financing activities	16,541	(28,938)
Effect of exchange rate changes on cash	(328)	252

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Net increase (decrease) in cash and cash equivalents	1,983	(3,713)
Balance at beginning of period	44,968	28,035
Balance at end of period	\$ 46,951	\$ 24,322

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.

Consolidated Statements of Comprehensive Income

For the Three and Six Months Ended June 30, 2004 and 2003

(Unaudited)

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004 (as restated)	2003 (as restated)	2004 (as restated)	2003 (as restated)
Net earnings	\$ 15,252	\$ 1,313	\$ 21,021	\$ 1,848
Other comprehensive income (loss)				
Derivative instrument fair market value adjustment - net of income taxes	259	601	(566)	762
Foreign currency translation adjustments	(3,960)	24,278	(9,018)	24,307
Total other comprehensive income (loss)	(3,701)	24,879	(9,584)	25,069
Comprehensive income	\$ 11,551	\$ 26,192	\$ 11,437	\$ 26,917

See accompanying notes which are an integral part of these statements.

THE MANITOWOC COMPANY, INC.

Notes to Unaudited Consolidated Financial Statements

For the Three and Six Months Ended June 30, 2004 and 2003

1. Restatement

During the course of the audit of our 2004 financial statements, we determined that the accounting treatment of certain of the company's goodwill and other intangibles related to our foreign acquisitions did not comply with the requirements of Statement of Financial Accounting Standards (SFAS) No. 52, Foreign Currency Translation. We maintained the value of goodwill and other intangibles associated with our 2001 and 2002 foreign acquisitions at the historic foreign currency exchange rates in place at the date of the acquisition. We now have concluded that we should have translated these intangible assets into our reporting currency at the exchange rates at each balance sheet date to reflect changes in the applicable foreign currency exchange rates. This amendment restates the company's Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, and related notes included herein to translate these intangible assets at the end of the periods reported to reflect changes in the applicable foreign exchange rates.

The cumulative impact of the error increases the company's intangible asset balance and currency translation adjustment balance within shareholders' equity by \$51.1 million and \$57.6 million as of June 30, 2004 and December 31, 2003, respectively. This change has no impact on the company's historical Consolidated Income Statements or Statements of Cash Flows, its financial debt covenants in prior years, or its previous intangible asset impairment analyses under SFAS No. 142, Goodwill and Other Intangible Assets. This change increases (decreases) comprehensive income by \$(1.7) million \$11.2 million, \$(6.4) million and \$16.7 million for the three months ended June 30, 2004 and 2003, and six months ended June 30, 2004 and 2003, respectively.

The following table shows the impact of the restatement on the effected components of the Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income.

	As Restated		As Reported	
	2004	2003	2004	2003
Consolidated Balance Sheets				
Goodwill - net	\$ 435,586	\$ 438,925	\$ 406,432	\$ 406,233
Other intangible assets - net	\$ 144,802	\$ 149,256	\$ 122,823	\$ 124,380
Accumulated other comprehensive income (loss)	\$ 31,216	\$ 40,800	\$ (19,917)	\$ (16,768)

	As Restated		As Reported		As Restated		As Reported	
	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Three Months Ended June 30, 2004	Three Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Consolidated Statements of Comprehensive Income								
	\$ (3,960)	\$ 24,278	\$ (2,220)	\$ 13,063	\$ (9,018)	\$ 24,307	\$ (2,583)	\$ 7,617

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Foreign currency translation
adjustment

Comprehensive income (loss)	\$	11,551	\$	26,192	\$	13,291	\$	14,977	\$	11,437	\$	26,917	\$	17,872	\$	10,227
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2. Accounting Policies

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments necessary to present fairly the results of operations, cash flows and comprehensive income for the three and six months ended June 30, 2004 and 2003 and the financial position at June 30, 2004. The interim results are not necessarily indicative of results for a full year and do not contain information included in the company's annual consolidated financial statements and notes for the year ended December 31, 2003. The consolidated balance sheet as of December 31, 2003 was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. It is suggested that these financial statements be read in conjunction with the financial statements and the notes thereto included in the company's latest annual report.

All dollar amounts, except per share amounts, are in thousands of dollars throughout the tables included in these notes unless otherwise indicated.

Certain prior period amounts have been reclassified to conform to the current period presentation.

3. Discontinued Operations

During the second quarter of 2004, the company completed the sale of its wholly-owned subsidiary, Delta Manlift SAS (Delta), to JLG Industries, Inc. Headquartered in Tonneins, France, Delta manufactures the Toucan brand of vertical mast lifts, a line of aerial work platforms distributed throughout Europe for use principally in industrial and maintenance operations. The company received \$9.0 million for Delta and certain other assets of the company's Aerial Work Platform (AWP) businesses. As a result the sale and additional reserves for the closures of the other AWP businesses, the company recorded a \$1.0 million pre-tax gain (\$0.7 million net of taxes). This gain is recorded in gain (loss) on sale or closure of discontinued operations, net of income taxes in the Consolidated Statements of Operations. Previously, during December 2003, the company completed plans to restructure its AWP businesses. The restructuring included the closure of the Potain GmbH (Liftlux) facility in Dillingen, Germany and discontinuation of U.S. Manlift production at the Shady Grove, Pennsylvania facility. With the sale of Delta and the closure of the Liftlux and U.S. Manlift operations, the company will no longer participate in the aerial work platform market, other than providing aftermarket parts and service support. The sale of Delta, closure of Liftlux and discontinuation of the U.S. Manlift production represent discontinued operations under SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. Results of these companies for the three and six months ended June 30, 2004 and 2003 have been classified as discontinued to exclude the results from continuing operations. In addition, during 2003 the company recorded a \$13.7 million pre-tax loss (\$11.1 million net of taxes) for the closure of the AWP businesses. This charge included the following: \$4.9 million to write-off goodwill related to the AWP businesses (recorded in the second quarter of 2003); \$3.5 million to record a reserve for the present value of future non-cancelable operating lease obligations (recorded in the fourth quarter of 2003); \$3.1 million to write-down inventory to estimated realizable value (recorded in the fourth quarter of 2003); and \$2.2 million for other closure costs (recorded in the fourth quarter of 2003). The \$4.9 million pre-tax charge (\$3.5 million net of taxes) recorded in the second quarter of 2003 to write-off goodwill related to the AWP business was recorded in gain (loss) on sale or closure of discontinued operations, net of income taxes in the Consolidated Statement of Operations.

The following selected financial data of the AWP businesses for the three and six months ended June 30, 2004 and 2003 is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the businesses operated as a stand-alone entity. There were no general corporate expenses or interest expense allocated to discontinued operations for this subsidiary during the periods presented.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net sales	\$ 3,850	\$ 13,525	\$ 14,466	\$ 24,434
Pretax loss from discontinued operation	\$ (225)	\$ (630)	\$ (1,209)	\$ (2,043)
Pretax gain (loss) on sale or closure of discontinued operation	1,000	(4,900)	817	(4,900)
Provision (benefit) for taxes on income	224	(1,604)	(96)	(2,084)
Earnings (loss) from discontinued operation, net of income taxes	\$ 551	\$ (3,926)	\$ (296)	\$ (4,859)

During the fourth quarter of 2003, the company terminated its distributor agreement with North Central Crane & Excavator Sales Corporation (North Central Crane), a wholly-owned crane distributor. The company entered into a new distributor agreement with an independent third party for the area previously covered by North Central Crane. The termination of North Central Crane represents a discontinued operation under SFAS No. 144, as this was the company's only wholly-owned domestic crane distributor. Results of this subsidiary for the three and six months ended June 30, 2004 and 2003 have been classified as discontinued to exclude the results from continuing operations. During the fourth quarter of 2003, the company recorded a \$1.1 million pre-tax loss (\$0.9 million net of taxes), primarily for a loss on sale of inventory to the new independent third party distributor.

The following selected financial data of North Central Crane for the three and six months ended June 30, 2004 and 2003 is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the business operated as a stand-alone entity. There were no general corporate expenses or interest expense allocated to discontinued operations for this subsidiary during the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net sales	\$ 1,085	\$ 6,351	\$ 2,561	\$ 13,784
Pretax earnings (loss) from discontinued operation	\$ (98)	\$ 77	\$ (272)	\$ 345
Provision (benefit) for taxes on income (loss)	(28)	22	(78)	113
Earnings (loss) from discontinued operation, net of income taxes	\$ (70)	\$ 55	\$ (194)	\$ 232

During the second quarter of 2003, the company and Quantum Heavy Equipment, LLC (Quantum) agreed in principle to a final post-closing adjustment for the sale of Manitowoc Boom Trucks, Inc. (Manitowoc Boom Trucks). The agreement resulted in the company paying \$4.7 million to Quantum. Payment of the final post-closing adjustment was made during the third quarter of 2003. This payment was largely the result of the reduction in working capital of Manitowoc Boom Trucks from September 30, 2002 to December 31, 2002 for which the company already received the cash. The agreement resulted in the company recording an additional charge for the sale of Manitowoc Boom Trucks of approximately \$0.6 million (\$0.4 million net of tax) during the second quarter of 2003. This charge is recorded in gain (loss) on sale or closure of discontinued operations, net of income taxes, in the Consolidated Statement of Operations.

The following selected financial data of Manitowoc Boom Trucks for the three months ended June 30, 2003 is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the business operated as a stand-alone entity. There were no general corporate expenses or interest expense allocated to discontinued operations for this subsidiary during the periods

presented.

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	Three Months Ended June 30, 2003	Six Months Ended June 30, 2003
Net sales	\$	\$
Pretax loss on sale of discontinued operation	\$ (584)	\$ (584)
Benefit for taxes on loss	(179)	(179)
Loss from sale of discontinued operation, net of income taxes	\$ (405)	\$ (405)

On February 14, 2003, the company finalized the sale of Femco Machine Company, Inc. (Femco), the Crane segments crane aftermarket replacement parts and industrial repair business, to a group of private investors led by Femco management and its employees. Cash proceeds from the sale of Femco were approximately \$7.0 million, which includes \$0.4 million of cash received by the company for post-closing adjustments, and resulted in a gain on sale of approximately \$0.4 million (\$0.3 million net of taxes). The disposition of Femco represents a discontinued operation under SFAS No. 144. Results of Femco for the period from January 1, 2003 through February 14, 2003 have been classified as discontinued to exclude the results from continuing operations.

The following selected financial data of Femco for the period from January 1, 2003 through February 14, 2003 is presented for informational purposes only and does not necessarily reflect what the results of operations would have been had the business operated as a stand-alone entity. There was no activity related to Femco during the three months ended June 30, 2003 and the three and six months ended June 30, 2004. There were no general corporate expenses or interest expense allocated to discontinued operations for this subsidiary for the period presented.

	Six Months Ended June 30, 2003
Net sales	\$ 2,178
Pretax earnings from discontinued operation	\$ 47
Pretax gain on sale of discontinued operation	439
Provision for taxes on income	165
Earnings from discontinued operation, net of income taxes	\$ 321

4. Inventories

The components of inventory at June 30, 2004 and December 31, 2003 are summarized as follows:

	June 30, 2004	December 31, 2003
Inventories - gross:		
Raw materials	\$ 101,315	\$ 89,851
Work-in-process	99,614	81,378
Finished goods	162,123	120,565
Total inventories - gross	363,052	291,794
Excess and obsolete inventory reserve	(36,853)	(40,299)
Net inventories at FIFO cost	326,199	251,495
Excess of FIFO costs over LIFO value	(18,693)	(18,618)

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Inventories - net	\$	307,506	\$	232,877
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Inventory is carried at lower of cost or market using the first-in, first-out (FIFO) method for 90% and 88% of total inventory at June 30, 2004 and December 31, 2003, respectively. The remainder of the inventory is costed using the last-in, first-out (LIFO) method.

5. Stock-Based Compensation

The company accounts for its stock options under the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations. No stock-based employee compensation cost related to stock options is reflected in earnings, as all option grants under those plans have an exercise price equal to the market value of the underlying common stock on the date of grant. For both the three and six month periods ended June 30, 2004 and 2003, the company recognized approximately \$0.1 million of compensation expense related to restricted stock which was issued during 2002. The following table illustrates the effect on net earnings and earnings per share if the company had applied the fair value recognition provisions of SFAS 123, Accounting for Stock-Based Compensation, to stock based employee compensation for the three and six months ended June 30, 2004 and 2003.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Reported net earnings	\$ 15,252	\$ 1,313	\$ 21,021	\$ 1,848
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of income taxes	(1,224)	(1,144)	(2,357)	(2,219)
Pro forma net earnings (loss)	\$ 14,028	\$ 169	\$ 18,664	\$ (371)
Earnings (loss) per share:				
Basic - as reported	\$ 0.57	\$ 0.05	\$ 0.79	\$ 0.07
Basic - pro forma	\$ 0.52	\$ 0.01	\$ 0.70	\$ (0.01)
Diluted - as reported	\$ 0.56	\$ 0.05	\$ 0.77	\$ 0.07
Diluted - pro forma	\$ 0.52	\$ 0.01	\$ 0.69	\$ (0.01)

6. Contingencies and Significant Estimates

The company has been identified as a potentially responsible party under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) in connection with the Lemberger Landfill Superfund Site near Manitowoc, Wisconsin. Eleven of the approximately 150 potentially responsible parties, including the company, have formed the Lemberger Site Remediation Group and have successfully negotiated with the United States Environmental Protection Agency and the Wisconsin Department of Natural Resources to fund the cleanup and settle their potential liability at this site. Estimates indicate that the total costs to clean up this site are approximately \$30 million. However, the ultimate allocations of costs for this site are not yet final. Although liability is joint and several, the company's share of the liability is estimated to be 11% of the total cost. Prior to December 31, 1996, the company accrued \$3.3 million in connection with this matter. The amounts the company has spent each year through June 30, 2004 to comply with its portion of the cleanup costs have not been material. Remediation work at the site has been substantially completed, with only long-term pumping and treating of groundwater and site maintenance remaining. The company's remaining estimated liability for this matter, included in other current liabilities in the Consolidated Balance Sheet at June 30, 2004 is \$0.6 million. Based on the size of the company's current allocation of liabilities at this site, the existence of other viable potential responsible parties and current reserve, the company does not believe that any liability imposed in connection with this site will have a material adverse effect on its financial condition, results of operations, or cash flows.

At certain of the company's other facilities, the company has identified potential contaminants in soil and groundwater. The ultimate cost of any remediation required will depend upon the results of future investigation. Based upon available information, the company does not expect that the ultimate costs will have a material adverse effect on its financial condition, results of operations, or cash flows.

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The company believes that it has obtained and is in substantial compliance with those material environmental permits and approvals necessary to conduct its various businesses. Based on the facts presently known, the company does not expect environmental compliance costs to have a material adverse effect on its financial condition, results of operations, or cash flows.

As of June 30, 2004, various product-related lawsuits were pending. To the extent permitted under applicable law, all of these are insured with self-insurance retention levels. The company's self-insurance retention levels vary by business, and have fluctuated over the last five years. The range of the company's self-insured retention levels is \$0.1 million to \$3.0 million per occurrence. The high-end of the company's self-insurance retention level is a legacy product liability insurance program inherited in the Grove acquisition in 2002 for cranes manufactured in the United States for occurrences from 2000 through October 2002. As of June 30, 2004, the largest self-insured retention level currently maintained by the company is \$2.0 million per occurrence and applies to product liability claims for cranes manufactured in the United States.

Product liability reserves in the Consolidated Balance Sheet at June 30, 2004, were \$29.4 million; \$7.4 million reserved specifically for cases and \$22.0 million for claims incurred but not reported which were estimated using actuarial methods. Based on the company's experience in defending product liability claims, management believes the current reserves are adequate for resolution of aggregate self-insured claims and insured claims incurred as of June 30, 2004. Any recoveries from insurance carriers are dependent upon the legal sufficiency of claims and solvency of insurance carriers.

At June 30, 2004 and December 31, 2003, the company had reserved \$38.7 million and \$41.7 million, respectively, for warranty claims included in product warranties and other non-current liabilities in the Consolidated Balance Sheets. Certain of these warranties and other related claims involve matters in dispute that ultimately are resolved by negotiations, arbitration, or litigation.

It is reasonably possible that the estimates for environmental remediation, product liability and warranty costs may change in the near future based upon new information that may arise or matters that are beyond the scope of the company's historical experience. Presently, there are no reliable methods to estimate the amount of any such potential changes.

The company is involved in numerous lawsuits involving asbestos-related claims in which the company is one of numerous defendants. After taking into consideration legal counsel's evaluation of such actions, the current political environment with respect to asbestos related claims, and the liabilities accrued with respect to such matters, in the opinion of management, ultimate resolution is not expected to have a material adverse effect on the financial condition, results of operations, or cash flows of the company.

The company is also involved in various legal actions arising out of the normal course of business, which, taking into account the liabilities accrued and legal counsel's evaluation of such actions, in the opinion of management, the ultimate resolution is not expected to have a material adverse effect on the company's financial condition, results of operations, or cash flows.

Currently, the company is in negotiations with one of its major Marine customers due to cost overruns from change orders on a contract. The company estimates its overruns have been approximately \$10.0 million. The company has assumed this recovery in accounting for this long-term contract as it believes that the claim will result in additional contract revenue and the amount can be reliably estimated. If negotiations are unsuccessful, the impact on its Consolidated Statement of Operations in a future period could be material. Unfavorable resolution will not have any effect on the company's future cash flows.

At June 30, 2004, the company is contingently liable under open standby letters of credit issued by the company's bank in favor of third parties totaling \$29.1 million. The open standby letters of credit primarily related to business in the Marine segment.

7. Loss on Debt Extinguishment

During the first quarter of 2004, the company recorded a charge of \$0.6 million (\$0.4 million net of income taxes) related to the partial prepayment of the term loan B portion of its senior credit facility. The loss relates to the write-off of unamortized financing fees and partial unwinding of the company's floating-to-fixed interest rate swap. This charge was recorded in other income (expense), net in the Consolidated Statement of Operations.

8. Earnings Per Share

The following is a reconciliation of the average shares outstanding used to compute basic and diluted earnings per share.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Basic weighted average common shares outstanding	26,727,708	26,544,501	26,697,340	26,543,320
Effect of dilutive securities - stock options and restricted stock	469,216	83,760	450,353	59,862
Diluted weighted average common shares outstanding	27,196,924	26,628,261	27,147,693	26,603,182

For the three and six months ended June 30, 2004, 0.2 million of common shares issuable upon the exercise of stock options, and for the three and six months ended June 30, 2003, 1.3 million of common shares issuable upon the exercise of stock options were, anti-dilutive and were excluded from the calculation of diluted earnings per share.

9. Guarantees

The company periodically enters into transactions with customers that provide for residual value guarantees and buyback commitments. These transactions are recorded as operating leases for all significant residual value guarantees and for all buyback commitments. Net proceeds received in connection with these initial transactions are recorded as deferred revenue and are amortized to income on a straight-line basis over a period equal to that of the customer's third party financing agreement. The deferred revenue included in other current and non-current liabilities at June 30, 2004 and December 31, 2003 was \$108.9 million and \$75.2 million, respectively. The total amount of residual value guarantees given by the company and outstanding at June 30, 2004 was \$50.5 million which assumes full loss against these guarantees. If all buyback commitments were satisfied at June 30, 2004, the total cash cost to the company would be \$56.8 million. This amount is not reduced for amounts the company may recover from repossessing and subsequent resale of the units.

The residual value guarantees and buyback commitments expire at various times through 2009.

The company also has an accounts receivable factoring arrangement with a bank. Under this arrangement, the company is required to repurchase from the bank the first \$0.5 million and amounts greater than \$1.0 million of the aggregate uncollected receivables during a twelve-month period. The company's contingent factoring liability, net of cash collected from customers was \$20.4 million and \$22.4 million at June 30, 2004 and December 31, 2003, respectively.

During the second quarter of 2004, the company sold \$11.3 million of its long term notes receivable to a third party financing company. The company fully guarantees collection of the notes to the financing company. The company has accounted for the sale of the notes as a financing of receivables and has recognized an obligation equal to the notes in other non-current liabilities in the Consolidated Balance Sheet as of June 30, 2004.

In the normal course of business, the company provides its customers a warranty covering workmanship, and in some cases materials, on products manufactured by the company. Such warranty generally provides that products will be free from defects for periods ranging from 12 months to 60 months. If a product fails to comply with the company's warranty, the company may be obligated, at its expense, to correct any defect by repairing or replacing such defective products. The company provides for an estimate of costs that may be incurred under its warranty at the time product revenue is recognized. These costs primarily include labor and materials, as necessary, associated with repair or replacement. The primary factors that affect the company's warranty liability include the number of units shipped and historical and anticipated warranty claims. As these factors are impacted by actual experience and future expectations, the company assesses the adequacy of its recorded warranty liability and adjusts the amounts as necessary. Below is a table summarizing the warranty activity for the six months ended June 30, 2004.

Balance at December 31, 2003	\$	41,770
Accruals for warranties issued during the six months		11,975
Settlements made (in cash or in kind) during the six months		(14,700)

Currency translation		(352)
Balance at June 30, 2004	\$	38,693

10. Restructuring and Plant Consolidation

On January 1, 2003, the company adopted SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities. SFAS No. 146 requires that a liability for certain costs associated with an exit or disposal activity be recognized when the liability is incurred. During the second quarter of 2004, the company incurred approximately \$0.8 million of restructuring costs related to the consolidation of its European crane facilities under programs implemented in 2003. These charges have been included in restructuring and plant consolidation costs in the Consolidated Statement of Operations for the three and six months ended June 30, 2004.

During the second quarter of 2003, the company recorded a charge of \$4.2 million to write-down certain facilities to estimated book value less cost to sell as a result of consolidation of certain Crane segment operations. This charge has been

included in restructuring and plant consolidation costs in the Consolidated Statement of Operations for the three and six months ended June 30, 2003.

During the second quarter of 2003 the company completed its plans to consolidate the National Crane Corporation (National Crane) facility located in Nebraska to the Grove U.S. LLC facility located in Pennsylvania (Grove facility). As a result, the company recorded a \$12.4 million charge in the opening balance sheet of Grove Investors, Inc. (Grove). The actions to consolidate the National Crane facility with the Grove facility were taken in an effort to streamline the company's cost structure and utilize available capacity at the Grove facility. The charge included \$3.7 million related to severance and other employee related costs for workforce reductions. Approximately 290 hourly and salaried positions were eliminated with the consolidation. The charge also included \$6.8 million to write-down the National Crane facility and land to estimated fair market value less cost to sell, to prepare the facility for sale and to write-down certain machinery and equipment which will not be relocated to the Grove facility. In addition, the company recorded reserves of \$1.2 million to write-off inventory which was acquired in the Grove acquisition and was not relocated, and \$0.7 million for other consolidation costs. Of the \$12.4 million recorded for the consolidation of the National Crane facility, approximately \$6.2 million were non-cash-related charges. Of the \$6.2 million cash related charges, \$3.9 million has been utilized as of June 30, 2004. The cash payments are expected to be completed by the third quarter of 2004.

During the first quarter of 2002, the company recorded a pre-tax restructuring charge of \$3.9 million in connection with the consolidation of its Multiplex operations into other of its Foodservice operations. These actions were taken in an effort to streamline the company's cost structure and utilize available capacity. The charge included \$2.8 million to write-down the facility and land, which were held for sale, to estimated fair market value less cost to sell, \$0.7 million related to the write-down of certain equipment, and \$0.4 million related to severance and other employee related costs. The entire charge was paid or utilized by December 31, 2002. During the fourth quarter of 2003, the company recorded an additional charge related to the Multiplex facility and land of \$0.3 million. This charge was recorded in plant consolidation and restructuring costs in the Consolidated Statement of Operations for the year ended December 31, 2003. During the first quarter of 2004, the company completed the sale of the building and land. The company received proceeds of \$2.7 million from the sale.

During the second quarter of 2002, the company finalized the purchase accounting for the acquisition of Potain SA (Potain), which included recording an \$8.1 million liability associated with certain restructuring and integration activities. To achieve reductions in operating costs and to integrate the operations of Potain, the company recorded an \$8.1 million liability related primarily to employee severance benefits for workforce reductions. Approximately 135 hourly and salaried positions were eliminated. To date the company has utilized approximately \$4.5 million of this liability. The remainder of this reserve will be utilized through 2006 based upon the underlying contractual arrangements.

During the fourth quarter of 2002, the company completed certain integration activities related to the Grove acquisition and other restructuring activities in the Crane segment. The total amount recognized by the company for these integration and restructuring activities was \$12.1 million. Of this amount \$4.4 million was recorded in the opening balance sheet of Grove and \$7.7 million was recorded as a charge to earnings during the fourth quarter of 2002. These actions were taken in an effort to achieve reductions in operating costs, integrate and consolidate certain operations and functions within the segment and to utilize available capacity.

The \$4.4 million recorded in Grove's opening balance sheet related to severance and other employee related costs for headcount reductions at various Grove facilities. The \$7.7 million charge included \$4.0 million related to severance and other employee related costs for headcount reductions at various Manitowoc and Potain facilities, \$2.7 million related to the write-down of certain property, plant and equipment, and \$1.0 million related to lease termination costs. In total, approximately 600 hourly and salaried positions were eliminated and four facilities were consolidated into other Crane operations. To date, the company has utilized approximately \$9.1 million of the total \$12.1 million reserve which includes \$2.7 million non-cash write-down of property, plant and equipment, and \$6.4 million cash paid to employees for severance. The remaining \$3.0 million reserve is recorded in accounts payable and accrued expenses in the Consolidated Balance Sheet and will be utilized by the company during the remainder of 2004.

11. Employee Benefit Plans

The company provides certain pension, health care and death benefits for eligible retirees and their dependents. The pension benefits are funded, while the health care and death benefits are not funded but are paid as incurred. Eligibility for coverage is based on meeting certain years of service and retirement qualifications. These benefits may be subject to deductibles, co-payment provisions, and other limitations. The company has reserved the right to modify these benefits.

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The components of periodic benefit costs for the three and six months ended June 30, 2004 and 2003 are as follows:

	Three Months Ended June 30, 2004			Six Months Ended June 30, 2004		
	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans
Service cost - benefits earned during the period	\$	\$ 285	\$ 221	\$	\$ 569	\$ 442
Interest cost of projected benefit obligations	1,582	958	868	3,165	1,917	1,735
Expected return on plan assets	(1,548)	(696)		(3,095)	(1,392)	
Amortization of transition obligation	3			5		
Amortization of prior service costs	1			1		
Amortization of actuarial net (gain) loss	21	(16)	18	43	(33)	37
Net periodic benefit costs	\$ 59	\$ 531	\$ 1,107	\$ 119	\$ 1,061	\$ 2,214
Weighted average assumptions:						
Discount rate	6.25%	5.25%	6.25%	6.25%	5.25%	6.25%
Expected return on plan assets	8.50%	5.25%	N/A	8.50%	5.25%	N/A
Rate of compensation increase	N/A	3.50%	N/A	N/A	3.50%	N/A

	Three Months Ended June 30, 2003			Six Months Ended June 30, 2003		
	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans	U.S. Pension Plans	Non-U.S. Pension Plans	Postretirement Health and Other Plans
Service cost - benefits earned during the period	\$ 112	\$ 319	\$ 396	\$ 224	\$ 637	\$ 792
Interest cost of projected benefit obligations	1,565	839	1,326	3,130	1,678	2,652
Expected return on plan assets	(1,273)	(534)		(2,546)	(1,067)	
Amortization of transition obligation	3			5		
Amortization of prior service costs	1			1		
Amortization of actuarial net (gain) loss	23	(10)	91	46	(20)	181
Net periodic benefit costs	\$ 431	\$ 614	\$ 1,813	\$ 860	\$ 1,228	\$ 3,625
Weighted average assumptions:						
Discount rate	6.75%	5.75%	6.75%	6.75%	5.75%	6.75%
Expected return on plan assets	9.00%	5.50%	N/A	9.00%	5.50%	N/A
Rate of compensation increase	4.00%	3.00%	N/A	4.00%	3.00%	N/A

On December 8, 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit

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plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. The company's postretirement medical benefit plans provide for a prescription drug benefit. All disclosed measures of the accumulated benefit obligation or net periodic benefit cost of the company's postretirement medical benefit plans currently do not reflect any amount associated with the subsidy because the company has not yet concluded whether the benefits provided by the plan are actuarially equivalent to the Medicare Part D benefit under the Act. FASB Staff Position No. FAS 106-2, Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the FSP) was issued on May 19, 2004 and is effective as of the first interim or annual period beginning after June 15, 2004. The FSP provides guidance on accounting for the effects of the new Medicare prescription drug legislation and also contains guidance on transition.

The expected 2004 contributions for the U.S. pension plans are as follows: minimum contribution for 2004 is \$9.6 million; and discretionary contribution is \$0. The company expects to pay claims for postretirement health and other benefit plans of \$4.2 million during 2004.

12. Legal Settlement

During the first quarter of 2004, the company reached a settlement agreement with a third party and recorded a \$2.3 million gain, net of legal and settlement costs, in other income (expense) in the Consolidated Statement of Operations.

13. Goodwill and Other Intangible Assets

The tables below have been restated for the impact of changes in foreign exchange rates on the company's goodwill and other intangible assets.

The changes in carrying amount of goodwill by reportable segment for the year ended December 31, 2003 and six months ended June 30, 2004 are as follows:

	Cranes and Related Products (as restated)	Foodservice Equipment	Marine	Total (as restated)
Balance as of January 1, 2003	\$ 162,157	\$ 185,808	\$ 47,417	\$ 395,382
Grove purchase accounting, net	30,173			30,173
Manitowoc Foodservice Europe purchase accounting, net		678		678
Potain purchase accounting, net	(1,021)			(1,021)
Impairment charge AWP	(4,900)			(4,900)
Foreign currency impact	18,613			18,613
Balance as of December 31, 2003	205,022	186,486	47,417	438,925
Foreign currency impact	(3,339)			(3,339)
Balance as of June 30, 2004	\$ 201,683	\$ 186,486	\$ 47,417	\$ 435,586

During 2003, the company completed the purchase accounting related to the Grove acquisition and the company recorded \$30.2 million of purchase accounting adjustments to the August 8, 2002 Grove opening balance sheet. The purchase accounting adjustments related to the following: \$13.2 million to finalize the accounting for deferred income taxes, related primarily to the non-U.S. Grove operations; \$12.4 million for consolidation of the National Crane facility located in Nebraska to the Grove facility located in Pennsylvania (see further detail in Note 10, Restructuring and Plant Consolidation); \$2.1 million, \$0.5 million and \$1.5 million for additional accounts receivable, inventory and warranty reserves, respectively; \$0.9 million related to severance and other employee related headcount reductions at the facilities of Grove facilities in Europe (see further detail in Note 10, Restructuring and Plant Consolidations); \$2.0 million of pension curtailment gain as a result of the closing of the National Crane facility located in Nebraska (reduction of goodwill); and \$1.6 million for other purchase accounting related items.

During 2003, the company completed the purchase accounting related to Manitowoc Foodservice Europe S.r.l. (f/k/a Fabbrica Apparecchiature per la Produzione del Ghiaccio Srl). The purchase accounting adjustments resulted in recording \$0.7 million of additional reserves to the April 8, 2002 opening balance sheet.

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During the fourth quarter of 2003, the company reversed a valuation allowance of approximately \$1.0 million of foreign operating loss carryforwards acquired in the Potain acquisition. This reversal reduced goodwill accordingly.

During the second quarter of 2003, the company completed its annual impairment analysis of goodwill and other intangible assets in accordance with SFAS No. 142, Goodwill and Other Intangible Assets. As a result, the company recorded a goodwill impairment charge of \$4.9 million. This charge related to the company's Aerial Work Platform reporting unit, a reporting unit in the company's Crane segment. The charge was based on economic conditions in this reporting unit at the time. The fair value of this reporting unit was based on management's estimates of future cash flows.

The gross carrying amount and accumulated amortization of the company's intangible assets other than goodwill, all as a result of the Potain and Grove acquisitions, were as follows as of June 30, 2004 and December 31, 2003.

	June 30, 2004			December 31, 2003		
	Gross Carrying Amount (as restated)	Accumulated Amortization	Net Book Value (as restated)	Gross Carrying Amount (as restated)	Accumulated Amortization	Net Book Value (as restated)
Trademarks and tradenames	\$ 93,137	\$	\$ 93,137	\$ 94,800	\$	\$ 94,800
Patents	28,205	(4,453)	23,752	28,843	(3,383)	25,460
Engineering drawings	10,013	(2,024)	7,989	10,253	(1,537)	8,716
Distribution network	19,924		19,924	20,280		20,280
	\$ 151,279	\$ (6,477)	\$ 144,802	\$ 154,176	\$ (4,920)	\$ 149,256

14. Recent Accounting Changes and Pronouncements

During December 2003, the Financial Accounting Standards Board (FASB) revised SFAS No. 132, *Employers' Disclosures about Pensions and Other Postretirement Benefits*, to require additional disclosure about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. These disclosure requirements were effective immediately for the company's domestic plans, except for estimated future benefit payments, which are effective in the second quarter of 2004. This statement also requires interim-period disclosures of the components of net periodic benefit cost and, if significantly different from previously disclosed amounts, the amount of contributions and projected contributions to fund pension plans and other postretirement benefit plans. These interim-period disclosures were effective in the first quarter of 2004 (see Note 11, *Employee Benefit Plans*).

In January 2003, the FASB issued FIN No. 46, *Consolidation of Variable Interest Entities*. FIN No. 46 clarifies the application of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to certain entities in which equity investors lack the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. A variable interest entity is required to be consolidated by the company that has a majority of the exposure to expected losses of the variable interest entity. The consolidation provisions of FIN No. 46, as revised, were effective immediately for interests created after January 31, 2003 and were effective on March 31, 2004 for interests created before February 1, 2003. The adoption of FIN No. 46 did not have an impact on the company's Consolidated Financial Statements for the year ended December 31, 2003 for interests created after January 31, 2003 or on the company's Consolidated Financial Statements for the three and months ended June 30, 2004 for interests created before February 1, 2003.

15. Subsidiary Guarantors of Senior Subordinated Notes due 2011 and 2012 and Senior Notes due 2013

The Condensed Consolidating Balance Sheets as of June 30, 2004 and December 31, 2003 have been restated for the impact of changes in foreign exchange rates on the company's goodwill, other intangible assets, and stockholder's equity.

The following tables present condensed consolidating financial information for (a) the parent company, The Manitowoc Company, Inc. (Parent); (b) on a combined basis, the guarantors of the Senior Subordinated Notes due 2011 and 2012 and Senior Notes due 2013, which include substantially all of the domestic wholly owned subsidiaries of the company (Subsidiary Guarantors); and (c) on a combined basis, the wholly and partially owned foreign subsidiaries of the company, which do not guarantee the Senior Subordinated Notes due 2011 and 2012 and Senior Notes due 2013 (Non-Guarantor Subsidiaries). Separate financial statements of the Subsidiary Guarantors are not presented because the guarantors are fully and unconditionally, jointly and severally liable under the guarantees, and the company believes such separate statements or disclosures would not be useful to investors.

The Manitowoc Company, Inc.**Condensed Consolidating Statement of Operations****For the Three Months Ended June 30, 2004****(In thousands)**

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 345,182	\$ 225,602	\$ (44,572)	\$ 526,212
Costs and expenses:					
Cost of sales		283,058	182,652	(44,572)	421,138
Engineering, selling and administrative expense	5,570	36,980	26,594		69,144
Amortization expense		170	597		767
Restructuring		81	720		801
Total costs and expenses	5,570	320,289	210,563	(44,572)	491,850
Earnings (loss) from operations	(5,570)	24,893	15,039		34,362
Other income (expense):					
Interest expense	(12,136)	(490)	(1,291)		(13,917)
Management fee income (expense)	4,809	(4,809)			
Other income (expense), net	9,284	(6,276)	(3,275)		(267)
Total other income (expense)	1,957	(11,575)	(4,566)		(14,184)
Earnings (loss) from continuing operations before taxes on income (loss) and equity in earnings of subsidiaries and discontinued operations	(3,613)	13,318	10,473		20,178
Provision (benefit) for taxes on income	23	(85)	5,469		5,407

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Earnings (loss) from continuing operations before equity in earnings of subsidiaries and discontinued operations	(3,636)	13,403	5,004		14,771
Equity in earnings of subsidiaries	18,888			(18,888)	
Earnings (loss) from continuing operations before discontinued operations	15,252	13,403	5,004	(18,888)	14,771
Discontinued operations:					
Gain (loss) from discontinued operations, net of income taxes		(373)	145		(228)
Gain on sale of discontinued operations, net of income taxes			709		709
Net earnings (loss)	\$ 15,252	\$ 13,030	\$ 5,858	\$ (18,888)	\$ 15,252

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Three Months Ended June 30, 2003

(In thousands)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 270,326	\$ 181,114	\$ (37,616)	\$ 413,824
Costs and expenses:					
Cost of sales		210,371	147,735	(37,616)	320,490
Engineering, selling and administrative expense	4,447	36,655	24,113		65,215
Amortization expense		167	561		728
Restructuring		2,050	2,128		4,178
Total costs and expenses	4,447	249,243	174,537	(37,616)	390,611
Earnings (loss) from operations	(4,447)	21,083	6,577		23,213
Other income (expense):					
Interest expense	(13,904)	(566)	(859)		(15,329)
Management fee income (expense)	4,806	(4,806)			
Other income (expense), net	6,347	(4,242)	(2,100)		5
Total other income (expense)	(2,751)	(9,614)	(2,959)		(15,324)
Earnings (loss) from continuing operations before taxes on income (loss) and equity in earnings of subsidiaries and discontinued operations	(7,198)	11,469	3,618		7,889
Provision (benefit) for taxes on income	3,512	(5,596)	4,384		2,300
Earnings (loss) from continuing operations before equity in earnings of subsidiaries and discontinued operations	(10,710)	17,065	(766)		5,589
Equity in earnings of subsidiaries	12,023			(12,023)	
Earnings (loss) from continuing operations before discontinued operations	1,313	17,065	(766)	(12,023)	5,589
Discontinued operations:					
Loss from discontinued operations, net of income taxes		(170)	(222)		(392)
Loss on sale of discontinued operations, net of income taxes		(405)	(3,479)		(3,884)
Net earnings (loss)	\$ 1,313	\$ 16,490	\$ (4,467)	\$ (12,023)	\$ 1,313

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2004

(In thousands)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 610,088	\$ 414,659	\$ (86,709)	\$ 938,038
Costs and expenses:					
Cost of sales		494,606	333,750	(86,709)	741,647
Engineering, selling and administrative expense	10,841	71,291	55,004		137,136
Amortization expense		340	1,217		1,557
Restructuring		81	720		801
Total costs and expenses	10,841	566,318	390,691	(86,709)	881,141
Earnings (loss) from operations	(10,841)	43,770	23,968		56,897
Other income (expense):					
Interest expense	(24,103)	(988)	(2,374)		(27,465)
Management fee income (expense)	9,618	(9,618)			
Other income (expense), net	18,929	(9,674)	(9,017)		238
Total other income (expense)	4,444	(20,280)	(11,391)		(27,227)
Earnings (loss) from continuing operations before taxes on income (loss) and equity in earnings of subsidiaries and discontinued operations	(6,397)	23,490	12,577		29,670
Provision (benefit) for taxes on income	(1,060)	3,873	5,346		8,159
Earnings (loss) from continuing operations before equity in earnings of subsidiaries and discontinued operations	(5,337)	19,617	7,231		21,511
Equity in earnings of subsidiaries	26,358			(26,358)	
Earnings (loss) from continuing operations before discontinued operations	21,021	19,617	7,231	(26,358)	21,511
Discontinued operations:					
Loss from discontinued operations, net of income taxes		(750)	(449)		(1,199)
Gain on sale of discontinued operations, net of income taxes			709		709
Net earnings (loss)	\$ 21,021	\$ 18,867	\$ 7,491	\$ (26,358)	\$ 21,021

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Operations

For the Six Months Ended June 30, 2003

(In thousands)

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$	\$ 505,532	\$ 331,267	\$ (62,066)	\$ 774,733
Costs and expenses:					
Cost of sales		395,849	269,873	(62,066)	603,656
Engineering, selling and administrative expense	8,581	71,418	46,131		126,130
Amortization expense		335	1,092		1,427
Restructuring		2,050	2,128		4,178
Total costs and expenses	8,581	469,652	319,224	(62,066)	735,391
Earnings (loss) from operations	(8,581)	35,880	12,043		39,342
Other expense:					
Interest expense	(27,108)	(1,234)	(1,606)		(29,948)
Management fee income (expense)	9,649	(9,649)			
Other income (expense), net	15,644	(8,369)	(7,311)		(36)
Total other expense	(1,815)	(19,252)	(8,917)		(29,984)
Earnings (loss) from continuing operations before taxes on income (loss) and equity in earnings of subsidiaries and discontinued operations	(10,396)	16,628	3,126		9,358
Provision (benefit) for taxes on income	4,606	(7,361)	5,554		2,799
Earnings (loss) from continuing operations before equity in earnings of subsidiaries and discontinued operations	(15,002)	23,989	(2,428)		6,559
Equity in earnings of subsidiaries	16,850			(16,850)	
Earnings (loss) from continuing operations before discontinued operations	1,848	23,989	(2,428)	(16,850)	6,559
Discontinued operations:					
Loss from discontinued operations, net of income taxes		(438)	(679)		(1,117)
Loss on sale of discontinued operations, net of income taxes		(115)	(3,479)		(3,594)
Net earnings (loss)	\$ 1,848	\$ 23,436	\$ (6,586)	\$ (16,850)	\$ 1,848

The Manitowoc Company, Inc.

Condensed Consolidating Balance Sheet

as of June 30, 2004

(In thousands)

	Parent (as restated)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries (as restated)	Eliminations (as restated)	Consolidated (as restated)
Assets					
Current Assets:					
Cash and cash equivalents	\$ 27,154	\$ 1,120	\$ 18,677	\$	\$ 46,951
Marketable securities	2,225				2,225
Accounts receivable - net	1,600	110,469	164,591		276,660
Inventories - net		108,959	198,547		307,506
Deferred income taxes	14,770		57,287		72,057
Other current assets	476	23,327	20,681		44,484
Total current assets	46,225	243,875	459,783		749,883
Property, plant and equipment - net	12,080	163,054	158,879		334,013
Goodwill	5,434	249,687	180,465		435,586
Other intangible assets - net		39,169	105,633		144,802
Deferred income taxes	35,863		511		36,374
Other non-current assets	28,177	18,244	18,071		64,492
Investment in affiliates	499,293	100,931	210,625	(810,849)	
Total assets	\$ 627,072	\$ 814,960	\$ 1,133,967	\$ (810,849)	\$ 1,765,150
Liabilities and Stockholders Equity					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 37,830	\$ 221,882	\$ 260,082	\$	\$ 519,794
Current portion long-term debt	2,900		740		3,640
Short-term borrowings			18,351		18,351
Product warranties		18,676	13,637		32,313
Product liabilities		27,621	1,778		29,399
Total current liabilities	40,730	268,179	294,588		603,497
Non-Current Liabilities:					
Long-term debt, less current portion	543,048		19,684		562,732
Pension obligations	2,864	21,904	30,929		55,697
Postretirement health and other benefit obligations	54,464	4			54,468
Intercompany	(391,338)	(72,639)	228,290	235,687	
Other non-current liabilities	6,366	47,679	63,773		117,818
Total non-current liabilities	215,404	(3,052)	342,676	235,687	790,715
Stockholders equity	370,938	549,833	496,703	(1,046,536)	370,938
Total liabilities and stockholders equity	\$ 627,072	\$ 814,960	\$ 1,133,967	\$ (810,849)	\$ 1,765,150

The Manitowoc Company, Inc.

Condensed Consolidating Balance Sheet

as of December 31, 2003

(In thousands)

	Parent (as restated)	Subsidiary Guarantors	Non- Guarantor Subsidiaries (as restated)	Eliminations (as restated)	Consolidated (as restated)
Assets					
Current Assets:					
Cash and cash equivalents	\$ 11,816	\$ (100)	\$ 33,252	\$	\$ 44,968
Marketable securities	2,220				2,220
Accounts receivable - net	4,086	76,648	164,276		245,010
Inventories - net		89,103	143,774		232,877
Deferred income taxes	50,297		21,484		71,781
Other current assets	302	24,944	23,987		49,233
Total current assets	68,721	190,595	386,773		646,089
Property, plant and equipment - net	12,089	149,696	172,833		334,618
Goodwill	5,434	249,599	183,892		438,925
Other intangible assets - net		44,483	104,773		149,256
Deferred income taxes	12,906		21,585		34,491
Other non-current assets	26,370	8,397	22,003		56,770
Investment in affiliates	505,728	100,937	210,667	(817,332)	
Total assets	\$ 631,248	\$ 743,707	\$ 1,102,526	\$ (817,332)	\$ 1,660,149
Liabilities and Stockholders Equity					
Current Liabilities:					
Accounts payable and accrued expenses	\$ 17,649	\$ 202,917	\$ 233,828	\$	\$ 454,394
Current portion of long-term debt	2,900		305		3,205
Short-term borrowings			22,011		22,011
Product warranties		19,805	14,018		33,823
Product liabilities		29,145	2,646		31,791
Total current liabilities	20,549	251,867	272,808		545,224
Non-Current Liabilities:					
Long-term debt, less current portion	559,640		7,444		567,084
Pension obligations	12,467	14,309	30,463		57,239
Postretirement health and other benefit obligations		54,283			54,283
Intercompany	(332,026)	(113,823)	227,802	218,047	
Other non-current liabilities	14,626	9,362	56,339		80,327
Total non-current liabilities	254,707	(35,869)	322,048	218,047	758,933
Stockholders equity	355,992	527,709	507,670	(1,035,379)	355,992
Total liabilities and stockholders equity	\$ 631,248	\$ 743,707	\$ 1,102,526	\$ (817,332)	\$ 1,660,149

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2004

(In thousands)

	Parent	Subsidiary Guarantors	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operations	\$ 42,916	\$ 4,547	\$ (30,134)	\$ (25,649)	\$ (8,320)
Cash Flows from Investing:					
Capital expenditures	(2,524)	(10,178)	(5,791)		(18,493)
Proceeds from sale of property, plant and equipment	40	738	2,810		3,588
Purchase of marketable securities	(5)				(5)
Intercompany investments	(20,747)	(5,163)	261	25,649	
Net cash provided by (used for) investing activities of continuing operations	(23,236)	(14,603)	(2,720)	25,649	(14,910)
Net cash provided by investing activities of discontinued operations			9,000		9,000
Net cash provided by (used for) investing activities	(23,236)	(14,603)	6,280	25,649	(5,910)
Cash Flows from Financing:					
Proceeds from (payments on) long-term debt	(7,710)		9,607		1,897
Proceeds from notes financing		11,276			11,276
Exercises of stock options	3,368				3,368
Net cash provided by (used for) financing activities	(4,342)	11,276	9,607		16,541
Effect of exchange rate changes on cash			(328)		(328)
Net increase (decrease) in cash and cash equivalents	15,338	1,220	(14,575)		1,983
Balance at beginning of period	11,816	(100)	33,252		44,968
Balance at end of period	\$ 27,154	\$ 1,120	\$ 18,677	\$	\$ 46,951

The Manitowoc Company, Inc.

Condensed Consolidating Statement of Cash Flows

For the Six Months Ended June 30, 2003

(In thousands)

	Parent	Subsidiary Guarantors	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operations	\$ 8,161	\$ 12,534	\$ 20,191	\$ (16,850)	\$ 24,036
Cash Flows from Investing:					
Capital expenditures	(302)	(1,717)	(9,126)		(11,145)
Proceeds from sale of property, plant and equipment		35	4,939		4,974
Sale of marketable securities	119				119
Intercompany investments	21,679	(11,416)	(27,113)	16,850	
Net cash provided by (used for) investing activities of continuing operations	21,496	(13,098)	(31,300)	16,850	(6,052)
Net cash provided by investing activities of discontinued operations		6,989			6,989
Net cash provided by (used for) investing activities	21,496	(6,109)	(31,300)	16,850	937
Cash Flows from Financing:					
Proceeds from (payments on) long-term debt	(27,434)	357	803		(26,274)
Payments on revolver borrowings - net	(2,000)				(2,000)
Debt issuance costs	(742)				(742)
Exercises of stock options	78				78
Net cash provided by (used for) financing activities	(30,098)	357	803		(28,938)
Effect of exchange rate changes on cash			252		252
Net increase (decrease) in cash and cash equivalents	(441)	6,782	(10,054)		(3,713)
Balance at beginning of period	2,650	(1,427)	26,812		28,035
Balance at end of period	\$ 2,209	\$ 5,355	\$ 16,758	\$	\$ 24,322

16. Business Segments

The total assets by segment table below has been restated for the impact of changes in foreign exchange rates on the company's goodwill and other intangible assets.

The company identifies its segments using the management approach, which designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the company's reportable segments. The company has three reportable segments: Cranes and Related Products (Crane), Foodservice Equipment (Foodservice), and Marine. Net sales and earnings from operations by segment is summarized as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
Net sales:				
Crane	\$ 331,783	\$ 246,925	\$ 584,392	\$ 467,498
Foodservice	130,947	126,968	238,971	232,004
Marine	63,482	39,931	114,675	75,231
Total net sales	\$ 526,212	\$ 413,824	\$ 938,038	\$ 774,733
Earnings from operations:				
Crane	\$ 16,442	\$ 4,374	\$ 26,050	\$ 11,813
Foodservice	20,778	21,224	34,854	33,452
Marine	2,714	2,930	6,835	3,526
Total	39,934	28,528	67,739	48,791
Corporate expense	(5,572)	(5,315)	(10,842)	(9,449)
Interest expense	(13,917)	(15,329)	(27,465)	(29,948)
Other income (expense), net	(267)	5	238	(36)
Earnings from continuing operations before taxes on income	\$ 20,178	\$ 7,889	\$ 29,670	\$ 9,358

Crane segment operating earnings for the three and six months ended June 30, 2004 includes amortization expense of \$0.7 million and \$1.6 million, respectively, and for both periods a charge of \$0.8 million related to restructuring activities (see Note 10. Restructuring and Plant Consolidation). Crane segment operating earnings for the three and six months ended June 30, 2003 includes amortization expense of \$0.7 million and \$1.4 million, respectively, and for both periods a charge of \$4.2 million related to restructuring activities (see Note 9. Restructuring and Plant Consolidation).

As of June 30, 2004 and December 31, 2003, the total assets by segment were as follows:

	June 30, 2004	December 31, 2003
Crane (as restated)	\$ 1,212,950	\$ 1,151,751
Foodservice	325,604	290,586
Marine	94,478	91,519
Corporate	132,118	126,293
Total (as restated)	\$ 1,765,150	\$ 1,660,149

Item 4 Controls and Procedures

Disclosure Controls and Procedures: The company maintains disclosure controls and procedures designed to ensure that information the company must disclose in its filings with the Securities and Exchange Commission is recorded, processed, summarized and reported on a timely basis. In connection with the initial preparation of this Quarterly Report on Form 10-Q, the company's management, with the participation of the company's Chief Executive Officer and Chief Financial Officer, reviewed and evaluated the effectiveness of the company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this report (the Evaluation Date)). Based on that evaluation, the company's Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the company's Disclosure Controls and Procedures were effective in bringing to their attention on a timely basis material information relating to the company required to be included in the company's periodic filing under the Exchange Act.

In light of the material weakness in the company's internal controls over financial reporting discussed below (see Internal Controls Over Financial Reporting) and in connection with the preparation of this amendment to our report, management of the company, with the participation of the Chief Executive Officer and Chief Financial Officer, again reviewed and evaluated the effectiveness of the company's disclosure controls and procedures. In particular, they specifically assessed whether this material weakness in our internal controls over financial reporting had any implications with respect to the effectiveness of the company's disclosure controls and procedures. They determined that it is difficult to separate the material weakness in internal controls from the company's disclosure controls and procedures. Because of the material weakness described below, we have concluded that our disclosure controls and procedures were ineffective as of June 30, 2004. We have directed the implementation of the remedial steps described below to strengthen the effectiveness of the company's disclosure controls and procedures.

Internal Controls Over Financial Reporting. When the company first filed its Quarterly Report for the three-months ended June 30, 2004, we were engaged in a comprehensive effort to ensure compliance with Section 404 of the Sarbanes-Oxley Act of 2002 for the year ended December 31, 2004. This effort included internal control documentation and review under the direction of senior management. At that point in the process, we had detected no material weaknesses in internal controls over financial reporting. Since that time, we have completed the comprehensive review of our internal controls over financial reporting, and as discussed in more detail in Note 1 to the company's Financial Statements we have determined that we misapplied Statements of Financial Reporting Statement Number 52 (SFAS No. 52) to our 2001 and 2002 foreign acquisitions by failing to translate from period to period the goodwill and intangible assets associated with those acquisitions to reflect changes in applicable foreign currency exchange rates. We therefore are restating the company's financial statements in this amendment to our report to correct the error that resulted from the misapplication of SFAS No. 52. (See Note 1 to the company's Financial Statements included in Part I - Item 1 of this Amendment.) We intend to report this error as a material weakness in the company's internal controls for financial reporting in the Annual Report on Form 10-K for the year ended December 31, 2004.

To assure similar misapplications of SFAS No. 52 do not occur in the future, we have notified appropriate internal accounting personnel by memo of the appropriate application of SFAS No. 52 to these situations, and we plan to conduct follow-up training of those personnel regarding the appropriate accounting treatment of foreign exchange rates in connection with the preparation of the company's financial statements.

Part II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: See exhibit index following the signature page of this Report, which is incorporated herein by reference.

(b) Reports on Form 8-K: The company filed the following Current Reports on Form 8-K during the quarter ended June 30, 2004:

Form 8-K dated May 4, 2004 Announcing certain senior management promotions.

SIGNATURES

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

Date: March 14, 2005

The Manitowoc Company, Inc.
(Registrant)

/s/ Terry D. Growcock
Terry D. Growcock
Chairman and Chief Executive Officer

/s/ Carl J. Laurino
Carl J. Laurino
Senior Vice President and Chief Financial
Officer

/s/ Maurice D. Jones
Maurice D. Jones
Senior Vice President, General
Counsel and Secretary

THE MANITOWOC COMPANY, INC.

EXHIBIT INDEX

TO FORM 10-Q/A

Amendment No. 1

FOR QUARTERLY PERIOD ENDED

June 30, 2004

Exhibit No.*	Description	Filed/Furnished Herewith
31	Rule 13a - 14(a)/15d - 14(a) Certifications	X (1)
32.1	Certification of CEO pursuant to 18 U.S.C. Section 1350	X (2)
32.2	Certification of CFO pursuant to 18 U.S.C. Section 1350	X (2)

(1) Filed Herewith

(2) Furnished Herewith

Pursuant to Item 601(b)(2) of Regulation S-K, the Registrant agrees to furnish to the Securities and Exchange Commission upon request a copy of any unfiled exhibits or schedules to such document.