

CASCADE CORP
Form 10-Q
December 09, 2005

**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 October 31, 2005

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 1-12557

CASCADE CORPORATION

(Exact name of registrant as specified in its charter)

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Oregon
(State or other jurisdiction of
incorporation or organization)

93-0136592
(I.R.S. Employer Identification No.)

2201 N.E. 201st Ave.
Fairview, Oregon
(Address of principal executive office)

97024-9718
(Zip Code)

Registrant's telephone number, including area code: **(503) 669-6300**

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 Exchange Act Rule 12b-2). Yes No

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 shares outstanding of the registrant's common stock as of November 28, 2005 was 12,448,454.

Forward-Looking Statements

This report contains forward-looking statements that involve risks and uncertainties, as well as assumptions which, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including any projections of revenue, gross margin, expenses, earnings or losses from operations, restructuring costs, synergies or other financial items; any statements of plans, strategies, and objectives of management for future operations; any statements regarding future economic conditions or performance; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. The risks, uncertainties, and assumptions referred to above include, but are not limited to, competitive factors in, and the cyclical nature of, the materials handling industry; fluctuations in lift truck orders or shipments, availability and cost of raw materials; general business and economic conditions in North America, Europe, Australia and Asia; assumptions relating to pension and other post-retirement costs; share-based compensation; foreign currency fluctuations; pending litigation; environmental matters; and the effectiveness of our capital expenditures and cost reduction initiatives. We undertake no obligation to publicly revise or update forward-looking statements to reflect events or circumstances that arise after the date of this report.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

CASCADE CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited in thousands, except per share amounts)

	Three Months Ended October 31		Nine Months Ended October 31	
	2005	2004	2005	2004
Net sales	\$ 112,599	\$ 96,342	\$ 342,080	\$ 282,246
Cost of goods sold	75,775	65,458	231,197	190,635
Gross profit	36,824	30,884	110,883	91,611
Selling and administrative expenses	19,287	18,151	56,333	54,135
Amortization	251	162	1,195	470
Insurance litigation recovery		(1,300)		(1,300)
Environmental expense		155		155
Operating income	17,286	13,716	53,355	38,151
Interest expense	727	934	2,177	2,758
Interest income	(298)	(144)	(576)	(364)
Other expense	191	516	24	574
Gain on sale of investment		(1,044)		(1,044)
Income before provision for income taxes	16,666	13,454	51,730	36,227
Provision for income taxes	5,838	4,763	17,944	12,824
Net income	\$ 10,828	\$ 8,691	\$ 33,786	\$ 23,403
Basic earnings per share	\$ 0.87	\$ 0.71	\$ 2.74	\$ 1.93
Diluted earnings per share	\$ 0.84	\$ 0.68	\$ 2.63	\$ 1.84
Basic weighted average shares outstanding	12,403	12,195	12,312	12,149
Diluted weighted average shares outstanding	12,966	12,799	12,848	12,705

The accompanying notes are an integral part of the consolidated financial statements.

CASCADE CORPORATION

CONSOLIDATED BALANCE SHEETS

(Unaudited in thousands, except per share amounts)

	October 31 2005	January 31 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,490	\$ 30,482
Marketable securities	28,978	1,503
Trade accounts receivable, less allowance for doubtful accounts of \$1,556 and \$2,182	71,002	70,728
Inventories	52,157	46,212
Deferred income taxes	3,450	3,042
Prepaid expenses and other	5,786	4,592
Total current assets	191,863	156,559
Property, plant and equipment, net	75,156	82,027
Goodwill	76,361	74,786
Deferred income taxes	9,984	9,688
Other assets	4,711	5,032
Total assets	\$ 358,075	\$ 328,092
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Notes payable to banks	\$ 2,682	\$ 2,461
Current portion of long-term debt	12,775	12,916
Accounts payable	21,288	25,778
Accrued payroll and payroll taxes	7,225	