YALE INDUSTRIAL PRODUCTS INC
Form 10-Q
February 08, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT 1934

For the quarterly period ended December 30, 2007

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: 0-27618

COLUMBUS MCKINNON CORPORATION

(Exact name of registrant as specified in its charter)

NEW YORK	16-0547600
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
140 JOHN JAMES AUDUBON PARKWAY, AMHERST, NY	14228-1197
(Address of principal executive offices)	(Zip code)

(716) 689-5400

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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. : [X] Yes [ ] No

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Act.

Large accelerated filer [ ] Accelerated filer [X] Non-accelerated filer [ ]

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

The number of shares of common stock outstanding as of January 31, 2008 was: 18,961,663 shares.

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COLUMBUS MCKINNON CORPORATION
DECEMBER 30, 2007

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

COLUMBUS MCKINNON CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	DECEMBER 30, 2007	MARCH 31, 2007
	(IN THOUSANDS)	
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 61,073	$ 48,655
Trade accounts receivable	93,928	97,269
Unbilled revenues	11,181	15,050
Inventories	91,612	77,179
Prepaid expenses	17,753	18,029
Total current assets	275,547	256,182
Property, plant, and equipment, net	56,684	55,231
Goodwill and other intangibles, net	186,705	185,903
Marketable securities	30,213	28,920
Deferred taxes on income	20,549	34,460
Other assets	6,595	4,942
Total assets	$ 576,293	$ 565,638
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Notes payable to banks	$ 10,356	$ 9,598
Trade accounts payable	36,014	35,896
Accrued liabilities	57,698	52,344
Restructuring reserve	15	599
Current portion of long-term debt	460	297
Total current liabilities	104,543	98,734
Senior debt, less current portion	6,072	26,168
Subordinated debt	133,000	136,000
Other non-current liabilities	53,019	63,411
Total liabilities	296,634	324,313
Shareholders' equity		
Common stock	189	188
Additional paid-in capital	177,296	174,654
Retained earnings	114,018	85,237
ESOP debt guarantee	(2,995)	(3,417)
Accumulated other comprehensive loss	(8,849)	(15,337)
Total shareholders' equity	279,659	241,325
Total liabilities and shareholders' equity	$ 576,293	$ 565,638

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

COLUMBUS MCKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(UNAUDITED)

	THREE MONTHS ENDED		NINE MONT
	DECEMBER 30, 2007	DECEMBER 31, 2006	DECEMBER 30, 2007
	(IN THOUSANDS, EXCEPT PER SHARE D		
Net sales	$ 155,196	$ 142,044	$ 454,716
Cost of products sold	108,522	103,421	318,116
Gross profit	46,674	38,623	136,600
Selling expenses	17,818	14,989	51,208
General and administrative expenses	9,516	8,566	27,839
Restructuring charges	149	128	894
Amortization of intangibles	29	44	82
	27,512	23,727	80,023
Income from operations	19,162	14,896	56,577
Interest and debt expense	3,445	4,034	11,250
Cost of bond redemptions	177	359	1,620
Investment income	(261)	(3,774)	(812)
Other income	(835)	(151)	(2,312)
Income before income tax expense	16,636	14,428	46,831
Income tax expense	6,781	5,510	18,281
Income from continuing operations	9,855	8,918	28,550
Income from discontinued operations (net of tax)	139	208	417
Net income	9,994	9,126	28,967
Retained earnings - beginning of period	104,024	65,038	85,237
Change in accounting principle (note 6)	-	-	(186)
Retained earnings - end of period	$ 114,018	$ 74,164	$ 114,018
Basic income per share:			
Income from continuing operations	$ 0.52	$ 0.48	$ 1.53
Income from discontinued operations	0.01	0.01	0.02
Net income	$ 0.53	$ 0.49	$ 1.55
Diluted income per share:			

Income from continuing operations	$ 0.51	$ 0.47	$ 1.49
Income from discontinued operations	0.01	0.01	0.02
Net income	$ 0.52	$ 0.48	$ 1.51

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

COLUMBUS MCKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED	
	DECEMBER 30, 2007	DECEMB 20
	(IN THOUSANDS)	
OPERATING ACTIVITIES:		
Income from continuing operations	$ 28,550	$ 22
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	6,378	6
Deferred income taxes	13,911	12
Gain on sale of real estate/investments	(433)	(4
Loss on early retirement of bonds	1,244	4
Stock compensation expense	944	1
Amortization/write-off of deferred financing costs	814	1
Changes in operating assets and liabilities:		
Trade accounts receivable and unbilled revenues	8,351	4
Inventories	(13,317)	(10
Prepaid expenses	349	(1
Other assets	(1,045)	
Trade accounts payable	(502)	(2
Accrued and non-current liabilities	(7,259)	(5
Net cash provided by operating activities	37,985	27
INVESTING ACTIVITIES:		
Proceeds from sale of marketable securities	12,876	22
Purchases of marketable securities	(14,273)	(20
Capital expenditures	(7,421)	(6
Proceeds from sale of facilities and surplus real estate	5,504	2
Proceeds from discontinued operations note receivable	417	
Net cash used by investing activities	(2,897)	(2
FINANCING ACTIVITIES:		
Proceeds from stock options exercised	1,309	2

Net (repayments) borrowings under revolving line-of-credit agreements	(182)	2
Repayment of debt and payment of debt premiums	(27,728)	(43
Deferred financing costs incurred	(2)	
Other	422	
Net cash used by financing activities	(26,181)	(39
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3,511	
Net change in cash and cash equivalents	12,418	(13
Cash and cash equivalents at beginning of period	48,655	45
Cash and cash equivalents at end of period	$ 61,073	$ 32

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

COLUMBUS MCKINNON CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)

	THREE MONTHS ENDED		NINE M
	DECEMBER 30, 2007	DECEMBER 31, 2006	DECEMBER 30 2007
		(IN THOUSANDS)	
Net income	$ 9,994	$ 9,126	$ 28,967
Other comprehensive income, net of tax:			
Foreign currency translation adjustments	1,262	425	6,637
Unrealized gain (loss) on investments:			
Unrealized holding (losses) gains arising during the period	(211)	1,999	(104
Reclassification adjustment for gains included in net income	-	(3,544)	(45
	(211)	(1,545)	(149
Total other comprehensive income	1,051	(1,120)	6,488
Comprehensive income	$ 11,045	$ 8,006	$ 35,455

SEE ACCOMPANYING NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

COLUMBUS MCKINNON CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)
DECEMBER 30, 2007

1. DESCRIPTION OF BUSINESS

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the financial position of Columbus McKinnon Corporation (the Company) at December 30, 2007 and the results of its operations and its cash flows for the three and nine-month periods ended December 30, 2007 and December 31, 2006, have been included. Results for the period ended December 30, 2007 are not necessarily indicative of the results that may be expected for the year ended March 31, 2008. The balance sheet at March 31, 2007 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Columbus McKinnon Corporation annual report on Form 10-K for the year ended March 31, 2007.

The Company is a leading manufacturer and marketer of material handling products, systems and services which lift, secure, position and move material ergonomically, safely, precisely and efficiently. Key products include hoists, cranes, chain and forged attachments. The Company's material handling products are sold, domestically and internationally, principally to third party distributors through diverse distribution channels, and to a lesser extent directly to manufacturers and other end-users. The Company's integrated material handling solutions businesses deal primarily with end users and sales are concentrated, domestically and internationally (primarily Europe), in the consumer products, manufacturing, warehousing and, to a lesser extent, the steel, construction, automotive and other industrial markets.

2. INVENTORIES

Inventories consisted of the following:

	DECEMBER 30, 2007	MARCH 31, 2007
At cost - FIFO basis:		
Raw materials............................	$ 51,360	$ 45,006
Work-in-process..........................	12,350	9,050
Finished goods...........................	43,821	36,606
	107,531	90,662
LIFO cost less than FIFO cost............	(15,919)	(13,483)
Net inventories..........................	$ 91,612	$ 77,179

An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many forces beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

3. RESTRUCTURING CHARGES

During the nine-month period ended December 30, 2007, the Company recorded restructuring costs of $894 for facility demolition costs and severance. These costs are related to two separate businesses within the Solutions segment. The liability as of December 30, 2007 was $15, consisting primarily of environmental remediation costs which were accrued in accordance with SFAS No. 143.

4. NET PERIODIC BENEFIT COST

The following table sets forth the components of net periodic pension cost for the Company's defined benefit pension plans:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	DECEMBER 30, 2007	DECEMBER 31, 2006	DECEMBER 30, 2007	DECEMB 20
Service costs..................	$1,094	$1,049	$3,282	$3,
Interest cost..................	2,019	1,879	6,057	5,
Expected return on plan assets..	(2,043)	(1,831)	(6,129)	(5,
Net amortization...............	450	623	1,350	1,
Net periodic pension cost.......	$1,520	$1,720	$4,560	$5,

The following table sets forth the components of net periodic postretirement benefit cost for the Company's defined benefit postretirement plans:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	DECEMBER 30, 2007	DECEMBER 31, 2006	DECEMBER 30, 2007	DECEMB 20
Service costs..................	$ -	$ 2	$ 2	$
Interest cost	147	160	439	
Amortization of plan net losses.	96	100	288	
Net periodic postretirement cost	$ 243	$ 262	$ 729	$

For additional information on the Company's defined benefit pension and postretirement benefit plans, refer to Note 11 in the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended March 31, 2007.

5. FOREIGN DEBT GUARANTEE

Effective August 1, 2007, the Company issued a guarantee to a third party lender which secures any borrowing by one of the Company's wholly-owned foreign subsidiaries under the subsidiary's credit facility. The credit facility provides availability up to a maximum of approximately $11,750. The outstanding borrowings on this credit facility were approximately $10,240 at December 30, 2007.

6. INCOME TAXES

Income tax expense as a percentage of income from continuing operations before income tax expense was 40.8%, 38.2%, 39.0%, and 39.5% in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively. The fiscal 2008 percentages vary from the U.S. statutory note due to a $479 deferred tax asset valuation allowance recorded in the third quarter related to our Univeyor business. The nine month fiscal 2007 percentage varies from the U.S. statutory rate due to $1,040 of non-deductible stock option expense in the period. As of December 30, 2007, the Company had U.S. federal net operating loss carry-forwards of approximately $6,200 representing approximately $2,200 of cash tax savings in future periods.

On April 1, 2007, the Company adopted the provisions of Financial Standards Accounting Board ("FASB") Interpretation ("FIN") No. 48 "Accounting for Uncertainty in Income Taxes," ("FIN 48") an interpretation of FASB Statement of Financial Accounting Standards ("SFAS") No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized under SFAS 109. FIN 48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest and penalties, and disclosure.

Upon adoption of FIN 48, the Company recorded a reduction in retained earnings for the cumulative effect adjustment of $186 to its $2,600 of unrecognized tax benefits, all of which would favorably impact the effective tax rate if recognized. During the second quarter of fiscal 2008, the balance of unrecognized tax benefits increased $223 as a result of certain intercompany transactions that have not been audited by the various tax jurisdictions and a matter that arose during a state income tax audit. There was no change in the balance of unrecognized tax benefits during the first or third quarter of fiscal 2008.

The Company does not anticipate that total unrecognized tax benefits will change significantly due to the settlement of audits or the expiration of statutes of limitations prior to December 30, 2008.

The Company had $207 accrued for the payment of interest and penalties at December 30, 2007. The Company recognizes interest expense or penalties related to uncertain tax positions as a part of income tax expense in its Consolidated Statement of Operations. The Company is currently open to audit by the Internal Revenue Service for the years ending March 31, 2004 through 2007.

7. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	THREE MONTHS ENDED	NINE MONTHS

	DECEMBER 30, 2007	DECEMBER 31, 2006	DECEMBER 30, 2007
Numerator for basic and diluted earnings per share:			
Net income	$ 9,994	$ 9,126	$ 28,967
Denominators:			
Weighted-average common stock outstanding - denominator for basic EPS	18,753	18,544	18,702
Effect of dilutive employee stock options	447	410	442
Adjusted weighted-average common stock outstanding and assumed conversions - denominator for diluted EPS	19,200	18,954	19,144

During the first nine months of fiscal 2008, a total of 123,550 shares of stock were issued upon the exercising of stock options related to the Company's stock option plans, and 11,801 shares of stock were issued under the Company's Long Term Incentive Plan to the Company's non-executive directors as part of their annual compensation.

8. BUSINESS SEGMENT INFORMATION

As a result of the way the Company manages the business, its reportable segments are strategic business units that offer products with different characteristics. The most defining characteristic is the extent of customized engineering required on a per-order basis. In addition, the segments serve different customer bases through differing methods of distribution. The Company has two reportable segments: Products and Solutions. The Company's Products segment sells hoists, industrial cranes, chain, attachments, and other material handling products principally to third party distributors through diverse distribution channels, and to a lesser extent directly to end-users. The Solutions segment sells engineered material handling systems such as conveyors and lift tables primarily to end-users in the consumer products, manufacturing, warehousing, and, to a lesser extent, the steel, construction, automotive, and other industrial markets. Intersegment sales are not significant. The Company evaluates performance based on operating income of the respective business units.

Segment information as of and for the nine months ended December 30, 2007 and December 31, 2006, is as follows:

	NINE MONTHS ENDED DECEMBER 30, 2007		
	PRODUCTS	SOLUTIONS	TOT

Sales to external customers.....................	$ 417,556	$ 37,160	$ 45
Income from operations..........................	57,380	(803)	5
Depreciation and amortization...................	5,739	639	
Total assets....................................	537,479	38,814	57

	NINE MONTHS ENDED DECEMBER 31, 2006		
	PRODUCTS	SOLUTIONS	TOT
Sales to external customers.....................	$ 384,039	$ 48,924	$ 43
Income from operations..........................	49,991	(1,211)	4
Depreciation and amortization...................	5,657	649	
Total assets....................................	515,053	36,536	55

9. SUMMARY FINANCIAL INFORMATION

The following information sets forth the condensed consolidating summary financial information of the parent and guarantors, which guarantee the 8 7/8% Senior Subordinated Notes, and the nonguarantors. The guarantors are wholly owned and the guarantees are full, unconditional, joint and several.

	Parent	Guarantors	Nonguarantors	Elim
AS OF DECEMBER 30, 2007				
Current assets:				
Cash and cash equivalents	$ 19,408	$ (1,292)	$ 42,957	$
Trade accounts receivable and unbilled revenues	59,096	159	45,854	
Inventories	38,986	20,566	34,220	
Other current assets	8,081	1,576	8,096	
Total current assets	125,571	21,009	131,127	
Property, plant, and equipment, net	25,545	11,237	19,902	
Goodwill and other intangibles, net	88,757	57,035	40,913	
Intercompany	51,067	(61,797)	(62,865)	
Other assets	82,398	193,540	31,275	(
Total assets	$ 373,338	$ 221,024	$ 160,352	$ (
Current liabilities	$ 35,836	$ 18,143	$ 52,135	$
Long-term debt, less current portion	133,000	2,881	3,191	
Other non-current liabilities	16,847	11,303	24,869	
Total liabilities	185,683	32,327	80,195	
Shareholders' equity	187,655	188,697	80,157	(
Total liabilities and shareholders' equity	$ 373,338	$ 221,024	$ 160,352	$ (

FOR THE NINE MONTHS ENDED DECEMBER 30, 2007				
Net sales	$ 218,182	$ 130,388	$ 135,943	$
Cost of products sold	159,021	96,563	92,329	
Gross profit	59,161	33,825	43,614	
Selling, general and administrative expenses	35,096	13,293	30,658	
Restructuring charges	551	-	343	
Amortization of intangibles	80	2	-	
	35,727	13,295	31,001	
Income from operations	23,434	20,530	12,613	
Interest and debt expense	7,432	2,994	824	
Other (income) and expense, net	678	(298)	(1,884)	
Income before income tax expense	15,324	17,834	13,673	
Income tax expense	6,818	7,209	4,254	
Income from continuing operations	8,506	10,625	9,419	
Income from discontinued operations	417	-	-	
Net income	$ 8,923	$ 10,625	$ 9,419	$

	Parent	Guarantors	Nonguarantors	Elim
FOR THE NINE MONTHS ENDED DECEMBER 30, 2007				
OPERATING ACTIVITIES:				
Net cash provided (used) by operating activities	$ 30,010	$ (3,697)	$ 11,672	$
INVESTING ACTIVITIES:				
Purchase of marketable securities, net	-	-	(1,397)	
Capital expenditures	(4,495)	(1,664)	(1,262)	
Proceeds from sale of facilities and surplus real estate	-	5,504	-	
Proceeds from discontinued operations note receivable	417	-	-	
Net cash (used) provided by investing activities	(4,078)	3,840	(2,659)	
FINANCING ACTIVITIES:				
Proceeds from stock options exercised	1,309	-	-	
Net payments under revolving line-of-credit agreements	-	-	(182)	
Repayment of debt	(26,619)	(84)	(1,025)	
Other	420	-	-	
Net cash used by financing activities	(24,890)	(84)	(1,207)	
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(189)	3,700	
Net change in cash and cash equivalents	1,042	(130)	11,506	
Cash and cash equivalents at beginning of period	18,366	(1,162)	31,451	
Cash and cash equivalents at end of period	$ 19,408	$ (1,292)	$ 42,957	$

AS OF MARCH 31, 2007				
Current assets:				
Cash and cash equivalents	$ 18,366	$ (1,162)	$ 31,451	$
Trade accounts receivable and unbilled revenues	64,849	45	47,425	
Inventories	34,548	17,175	27,616	
Other current assets	6,237	2,707	9,085	
Total current assets	124,000	18,765	115,577	
Property, plant, and equipment, net	24,662	11,508	19,061	
Goodwill and other intangibles, net	88,703	57,037	40,163	
Intercompany	66,971	(77,385)	(63,602)	
Other assets	93,609	194,922	29,647	(
Total assets	$ 397,945	$ 204,847	$ 140,846	$ (
Current liabilities	$ 36,388	$ 15,376	$ 48,120	$
Long-term debt, less current portion	158,125	-	4,043	
Other non-current liabilities	27,646	11,143	24,622	
Total liabilities	222,159	26,519	76,785	
Shareholders' equity	175,786	178,328	64,061	(
Total liabilities and shareholders' equity	$ 397,945	$ 204,847	$ 140,846	$ (

	Parent	Guarantors	Nonguarantors	Elim
FOR THE NINE MONTHS ENDED DECEMBER 31, 2006				
Net sales	$ 208,814	$ 125,574	$ 134,320	$
Cost of products sold	153,144	94,092	101,139	
Gross profit	55,670	31,482	33,181	
Selling, general and administrative expenses	31,715	12,650	26,925	
Restructuring charges	(331)	-	53	
Amortization of intangibles	79	2	50	
	31,463	12,652	27,028	
Income (loss) from operations	24,207	18,830	6,153	
Interest and debt expense	9,453	2,975	294	
Other (income) and expense, net	4,591	(407)	(5,246)	
Income (loss) before income tax expense (benefit)	10,163	16,262	11,105	
Income tax expense (benefit)	5,264	6,444	3,175	
Income (loss) from continuing operations	4,899	9,818	7,930	
Income from discontinued operations	565	-	-	
Net income (loss)	$ 5,464	$ 9,818	$ 7,930	$

FOR THE NINE MONTHS ENDED DECEMBER 31, 2006				
OPERATING ACTIVITIES:				
Net cash provided by operating activities	$ 24,998	$ 1,424	$ 808	$
INVESTING ACTIVITIES:				
Sale of marketable securities, net	-	-	2,052	
Capital expenditures	(4,195)	(710)	(1,920)	
Proceeds from sale of facilities and surplus real estate	1,655	396	-	
Proceeds from discontinued operations note receivable	565	-	-	
Net cash (used) provided by investing activities	(1,975)	(314)	132	
FINANCING ACTIVITIES:				
Proceeds from stock options exercised	2,334	-	-	
Net borrowings under revolving line-of-credit agreements	-	-	2,294	
(Repayment) borrowings of debt	(46,321)	-	2,653	
Deferred financing costs incurred	(456)	-	-	
Other	438	-	-	
Net cash (used) provided by financing activities	(44,005)	-	4,947	
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(135)	647	
Net change in cash and cash equivalents	(20,982)	975	6,534	
Cash and cash equivalents at beginning of period	27,531	(1,461)	19,528	
Cash and cash equivalents at end of period	$ 6,549	$ (486)	$ 26,062	$

10. LOSS CONTINGENCIES

Like many industrial manufacturers, the Company is involved in asbestos-related litigation. In continually evaluating costs associated with its estimated asbestos-related liability, the Company reviews, among other things, the incidence of past and recent claims, the historical case dismissal rate, the mix of the claimed illnesses and occupations of the plaintiffs, its recent and historical resolution of the cases, the number of cases pending against it, the status and results of broad-based settlement discussions, and the number of years such activity might continue. Based on this review, the Company has estimated its share of liability to defend and resolve probable asbestos-related personal injury claims. This estimate is highly uncertain due to the limitations of the available data and the difficulty of forecasting with any certainty the numerous variables that can affect the range of the liability. The Company will continue to study the variables in light of additional information in order to identify trends that may become evident and to assess their impact on the range of liability that is probable and estimable.

Based on actuarial information, the Company has estimated its asbestos-related aggregate liability through March 31, 2025 and March 31, 2037 to range between $5,000 and $15,000 using actuarial parameters of continued claims for a period of 18 to 30 years. The Company's estimation of its asbestos-related aggregate liability that is probable and estimable, in accordance with U.S. generally accepted accounting principles approximates $8,400 which has been reflected as a liability in the consolidated financial statements as of December 30, 2007. The recorded liability does not consider the impact of any potential favorable federal legislation. This liability may fluctuate based on the uncertainty in the number of future claims that will be filed and the cost to resolve those claims, which may be influenced by a number of factors, including the outcome of the ongoing broad-based settlement negotiations, defensive strategies, and the cost to resolve claims outside the broad-based settlement program. Of this amount, management expects to incur asbestos liability payments of approximately $380 over the next 12 months. Because payment of the liability is likely to extend over many years, management believes that the potential additional costs for claims will not have a material after-tax effect on the financial condition of the Company or its liquidity, although the net after-tax effect of any future liabilities recorded could be material to earnings in a future period.

The Company's non-asbestos related product liability reserves decreased approximately $1,500 during the quarter ended December 30, 2007 as a result of decreases in the estimated losses for claims. Product liability costs, which are reflected as cost of sales, were approximately $1,200 lower in the third quarter of fiscal 2008 when compared to the fiscal 2007 third quarter.

11. NEW ACCOUNTING STANDARDS

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements," ("SFAS 157") to define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles, and expand disclosures about fair value measurements. SFAS 157 will be effective for fiscal years beginning after November 15, 2007. The Company is assessing the impact the adoption of SFAS 157 will have on the Company's consolidated financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS 158"). Among other items, SFAS 158 requires recognition of the overfunded or underfunded status of an entity's defined benefit postretirement plan as an asset or liability in the financial statements and requires recognition of the funded status of defined benefit postretirement plans in other comprehensive income. We adopted all of the currently required provisions of SFAS 158 in fiscal 2007. This statement also requires an entity to measure a defined benefit postretirement plan's assets and obligations that determine its funded status as of the end of the employers' fiscal year. This requirement is effective for fiscal years ending after December 15, 2008. The Company does not expect the adoption of this requirement to have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities -- Including an Amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 allows the irrevocable election of fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities and other items on an instrument-by-instrument basis. Changes in fair value would be reflected in earnings as they occur. The objective of SFAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of the first fiscal year beginning after November 15, 2007. The Company is currently evaluating if it will elect the fair value option for any of its eligible financial instruments and other items.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) "Business Combinations" ("SFAS 141(R)"). SFAS 141(R) requires the acquiring entity in a business combination to recognize all the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose all of the information required to evaluate and understand the nature and financial effect of the business combination. This statement is effective for acquisition dates on or after the beginning of the first annual reporting period beginning after December 15, 2008. The Company is currently evaluating the impact the adoption of SFAS 141(R) will have on the Company's consolidated financial statements.

12. SUBSEQUENT EVENTS

During January 2008 the Company used cash on hand to redeem $3,145 of the outstanding 8 7/8% Notes. The redemption required a $134 premium payment to Noteholders and $40 of unamortized financing costs were written-off.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION (DOLLAR AMOUNTS IN THOUSANDS)

EXECUTIVE OVERVIEW

We are a leading manufacturer and marketer of hoists, cranes, chain, material handling systems, lift tables and industrial components serving a wide variety of commercial and industrial end-user markets. Our products are used to efficiently and ergonomically move, lift, position or secure objects and loads. Our Products segment sells a wide variety of powered and manually operated wire rope and chain hoists, industrial crane systems, chain, hooks and attachments, actuators and rotary unions. Our Solutions segment designs, manufactures, and installs application-specific or standard material handling systems and solutions for end-users to improve work station and facility-wide work flow.

Founded in 1875, we have grown to our current size and leadership position through organic growth and the acquisition of 14 businesses between February 1994 and April 1999. We have developed our leading market position over our 132-year history by emphasizing technological innovation, manufacturing excellence and superior after-sale service. In addition, the acquisitions significantly broadened our product lines and services and expanded our geographic reach, end-user markets and customer base. Ongoing operation of these businesses includes improving our productivity and extending our sales activities to the European and Asian marketplaces. We are executing those initiatives through our Lean Manufacturing efforts, new product development and expanded sales activities. Shareholder value will be enhanced through continued emphasis on improvement of the fundamentals including manufacturing efficiency, cost containment, efficient capital investment, market expansion and excellent customer satisfaction.

We maintain a strong domestic market share with significant leading North American market positions in hoists, lifting and sling chain, and forged attachments. To broaden our product offering in markets where we have a strong competitive position as well as to facilitate penetration into new geographic markets, we have heightened our new product development activities. Over the past two years, this includes the introduction of powered hoist lines in accordance with international standards, to complement our current offering of hoist products designed in accordance with U.S. standards. To further expand our global sales, we are introducing certain of our products that historically have been distributed only in North America and also introducing new products through our existing European distribution network. Furthermore, we are working to build a distribution network in China to capture an anticipated growing demand for material handling products as that economy continues to industrialize. Additionally, we are targeting the high growth sectors of energy and commercial construction as growing users of our products. We have recently reorganized and expanded our management team to align with these strategic initiatives. These investments in international markets and new products are part of our focus on our greatest opportunities for growth and reducing the impact of industrial cyclicality on our business. As a result of these efforts and the continued strong industrial economy in our important markets of interest, we believe we can sustain our expected Products segment growth rate in the mid-to-high single-digit range for fiscal 2008. Management monitors U.S. Industrial Capacity Utilization, which has approximated 80% for the past 1 1/2 years, as an indicator of anticipated demand for our product. In addition, we continue to monitor the potential impact of other global and domestic trends, including energy costs, steel price fluctuations, interest rates and activity in a variety of end-user markets around the globe.

Our Lean Manufacturing efforts continue to fundamentally change our manufacturing processes to be more responsive to customer demand and improve on-time delivery and productivity. During fiscal 2007, in furtherance of our facility rationalization projects, we completed the sale of one of our less strategic businesses, a specialty crane manufacturer, and sold two pieces of excess real estate, generating $4.5 million of proceeds. During the nine months of fiscal 2008, we completed the sale and partial leaseback of a manufacturing facility in Charlotte, North Carolina, generating $5.2 million of proceeds. The proceeds have been used to repay our outstanding debt. We recently announced that we are evaluating strategic alternatives, including potential sale of Univeyor, our material handling systems business.

We keep a close watch on the costs of fringe benefits such as health insurance, workers compensation insurance and pension. Combined, those benefits cost us over $35,000 in fiscal 2007 and we work diligently to balance cost control with the need to provide competitive employee benefits packages for our associates. Another cost area of focus is steel. We utilize approximately $35,000 to $40,000 of steel annually in a variety of forms including rod, wire, bar, structural and others. With increases in worldwide demand for steel and fluctuating scrap steel prices, as we experience fluctuations in our costs, we reflect them as price increases to our customers. We implemented a price increase on our steel-intensive products in September which fully capture recent steel cost increases. Additionally, in January 2008 we instituted an annual price increase covering most of our product offering. We will continue to monitor our costs and reevaluate our pricing policies. We continue to operate in a highly competitive business environment in the markets and geographies served. Our performance will be impacted by our ability to address a variety of challenges and opportunities in those markets and geographies, including trends towards increased utilization of the global labor force and the expansion of market opportunities in Asia and other emerging markets.

RESULTS OF OPERATIONS

THREE MONTHS AND NINE MONTHS ENDED DECEMBER 30, 2007 AND DECEMBER 31, 2006

Net sales in the fiscal 2008 quarter ended December 30, 2007 were $155,196, up $13,152 or 9.3% from the fiscal 2007 quarter ended December 31, 2006. Net sales for the nine months ended December 30, 2007 were $454,716, an increase of $21,753 or 5.0% from the nine months ended December 31, 2006. Sales in the Products segment increased by $13,615 or 10.7% from the previous year's quarter and $33,517 or 8.7% from the previous year's nine-month period then ended. These increases are due to the continued strength of the U.S. and European industrial markets, as well as the impact of price increases of $6,100 in the nine months ended December 30, 2007. Translation of foreign currencies, particularly the Euro and Canadian dollar, into U.S. dollars contributed $3,700 and $7,500 toward the Products segment increase in sales for the quarter and nine-month period ended December 30, 2007, respectively. Sales in the Solutions segment decreased 3.0% or $463 for the quarter and 24.0% or $11,764 for the nine months ended December 30, 2007 when compared with the same periods in the prior year. The decreases in this segment are primarily due to lower volume in our European conveyor business as revenue has been intentionally held back as a result of historically unacceptable returns on certain types of projects. We have restructured that business and are converting it into a more products and services orientated model while we evaluate strategic alternatives, including its potential sale. Translation of foreign currencies into U.S. dollars contributed an additional $1,000 and $1,900 toward the Solutions segment sales for the quarter and nine-months ended December 30, 2007. Sales in the segments are summarized as follows:

	THREE MONTHS ENDED				NINE MONTHS ENDED		
	DEC. 30, 2007	DEC. 31, 2006	CHANGE AMOUNT	CHANGE %	DEC. 30, 2007	DEC. 31, 2006	A
Products	$ 140,478	$ 126,863	$ 13,615	10.7	$ 417,556	$ 384,039	$
Solutions	14,718	15,181	(463)	-3.0	37,160	48,924	(
Net sales	$ 155,196	$ 142,044	$ 13,152	9.3	$ 454,716	$ 432,963	$

Gross profit and gross profit margins by reporting segment are summarized as follows:

	THREE MONTHS ENDED				NINE MONTHS ENDED		
	DEC. 30, 2007		DEC. 31, 2006		DEC. 30, 2007		DEC. 3
	$	%	$	%	$	%	$
Products	$ 44,199	31.5	$ 37,654	29.7	$ 130,530	31.3	$ 114,9
Solutions	2,475	16.8	969	6.4	6,070	16.3	4,9
Total Gross Profit	$ 46,674	30.1	$ 38,623	27.2	$ 136,600	30.0	$ 119,9

The increase in the gross profit margin for the Products segment is the result of product mix, the realization of operational leverage at increased sales volumes, favorable trends in our product liability and workers compensation costs, ongoing cost containment activities and the translation of foreign currencies into U.S. dollars, which contributed $1,400 and $3,000 toward the Products segment increase in gross margin for the quarter and nine-months ended December 30, 2007, respectively. The Solutions segment reflected gross margin improvement due to restructuring activities and focus on profitable core business undertaken at our Univeyor business.

Selling expenses were $17,818, $14,989, $51,208 and $45,095 in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively. The changes in selling expense dollars were impacted by our increased investment to support our strategic growth initiatives including investments in new markets and strategic sales initiatives ($1,400 and $3,000 for the quarter and nine-month period ended December 30, 2007, respectively), translation of foreign currencies into U.S. dollars ($700 and $1,600 for the quarter and nine-month period ended December 30, 2007, respectively) and increased variable selling costs as a result of higher sales volume. As a percentage of consolidated net sales, selling expenses were 11.5%, 10.6%, 11.3%, and 10.4% in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively.

General and administrative expenses were $9,516, $8,566, $27,839 and $26,195 in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively. The change in administrative expenses was primarily the result of increased research and development costs ($210 and $640 for the quarter and nine-month period ended December 30, 2007, respectively) and the translation of foreign currencies into U.S. dollars ($350 and $850 for the quarter and nine-month period ended December 30, 2007, respectively). The quarter ended December 30, 2007 also included the recognition of $135 of stock based compensation expense related to our Long Term Incentive Plan. As a percentage of consolidated net sales, general and administrative expenses were 6.1%, 6.0%, 6.1%, and 6.1% in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively.

Restructuring charges were $149, $128, $894, and ($278) in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively. The 2008 restructuring charges include $551 of costs related to the partial demolition of an older and underutilized domestic facility and $343 of costs incurred to reduce ongoing operating costs and change our Univeyor business model to increase its focus on offering products as packaged solutions rather than engineered-to-order systems. The reversal of restructuring charges in fiscal 2007 resulted from the sale of a previously closed facility and included $216 of gain on the sale of the property that had been written down in previous periods.

Interest and debt expense was $3,445, $4,034, $11,250, and $12,722 in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively. This decrease is the result of lower debt levels. As a percentage of consolidated net sales, interest and debt expense was 2.2%, 2.8%, 2.5%, and 2.9% in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively.

Cost of bond redemptions was $177, $359, $1,620, and $4,942 in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively, supporting our debt reduction initiatives.

Investment income was $261, $3,774, $812, and $4,560 in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively. The fiscal 2007 quarter and nine month period includes $3,400 of realized gains on sale of the investments resulting from the reallocation of our captive insurance company's investment portfolio.

Income tax expense as a percentage of income from continuing operations before income tax expense was 40.8%, 38.2%, 39.0%, and 39.5% in the fiscal 2008 and 2007 quarters and the nine-month periods then ended, respectively. The fiscal 2008 percentages vary from the U.S. statutory note due to a $479 deferred tax asset valuation allowance recorded in third quarter related to our Univeyor business. The nine month fiscal 2007 percentage varies from the U.S. statutory rate due to $1,040 of non-deductible stock option expense in the period. As of December 30, 2007, the Company had U.S. federal net operating loss carry-forwards of approximately $6,200 representing approximately $2,200 of cash tax savings in future periods.

On April 1, 2007, the Company adopted the provisions of Financial Standards Accounting Board ("FASB") Interpretation ("FIN") No. 48 "Accounting for Uncertainty in Income Taxes," ("FIN 48") an interpretation of FASB Statement of Financial Accounting Standards ("SFAS") No. 109. FIN 48 clarifies the accounting for uncertainty in income taxes recognized under SFAS 109. FIN 48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest and penalties, and disclosure.

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Upon adoption of FIN 48, the Company recorded a reduction in retained earnings for the cumulative effect adjustment of $186 to its $2,600 of unrecognized tax benefits, all of which would favorably impact the effective tax rate if recognized. During the second quarter of fiscal 2008, the balance of unrecognized tax benefits increased $223 as a result of certain intercompany transactions that have not been audited by the various tax jurisdictions and a matter that arose during a state income tax audit. There was no change in the balance of unrecognized tax benefits during the first or third quarter of fiscal 2008.

The Company does not anticipate that total unrecognized tax benefits will change significantly due to the settlement of audits or the expiration of statutes of limitations prior to December 30, 2008.

The Company had $207 accrued for the payment of interest and penalties at December 30, 2007. The Company recognizes interest expense or penalties related to uncertain tax positions as a part of income tax expense in its Consolidated Statement of Operations. The Company is currently open to audit by the Internal Revenue Service for the years ending March 31, 2004 through 2007.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled $61,073 at December 30, 2007, an increase of $12,418 from the March 31, 2007 balance of $48,655.

Net cash provided by operating activities was $37,985 for the nine months ended December 30, 2007 compared to $27,230 for the nine months ended December 31, 2006. The $10,755 increase is primarily the result of a $6,103 increase in income from continuing operations to $28,550 in fiscal 2008 from $22,447 in fiscal 2007, an increase of $4,173 of cash from the change of accounts receivables and unbilled revenues as a result of improved collection activities, and a $1,385 increase in the use of deferred tax assets for net operating loss carry-forwards. The resulting increase in cash from operations was partially offset by a $2,427 increase in cash used for the change in inventory resulting from support for upcoming new product launches, an increase for longer term capital projects equipment and timing of offshore purchases.

Net cash used by investing activities was $2,897 for the nine months ended December 30, 2007 compared to $2,157 for the nine months ended December 31, 2006. The net cash used in investing activities for the nine months ended December 30, 2007 was the result of $7,421 used for capital expenditures and $1,397 for the net purchases of marketable securities, partially offset by $5,504 of proceeds from the sale of facilities and surplus real estate and $417 of proceeds from discontinued operations. The net cash used in investing activities for the nine months ended December 31, 2006 was the result of $6,825 used for capital expenditures, partially offset by $2,051 of proceeds from the sale of facilities and surplus real estate, $2,052 received from the net sale of marketable securities, and $565 of proceeds from discontinued operations.

Net cash used by financing activities was $26,181 for the nine months ended December 30, 2007 compared to $39,058 for the nine months ended December 31, 2006. The net cash used in financing activities for the nine months ended December 30, 2007 consisted primarily of $27,910 of net debt repayments, partially offset by $1,309 of proceeds from stock options exercised. The net cash used in financing activities for the nine months ended December 31, 2006 consisted primarily of $41,374 of net debt repayments, partially offset by $2,334 of proceeds from stock options exercised.

We believe that our cash on hand, cash flows, and borrowing capacity under our Revolving Credit Facility will be sufficient to fund our ongoing operations and budgeted capital expenditures for at least the next twelve months. This belief is dependent upon a steady economy and successful execution of our current business plan which includes focus on cash generation for debt repayment. The business plan includes continued implementation of new market penetration, new product development, lean manufacturing and improving working capital utilization.

Our Revolving Credit Facility provides availability up to $75,000. Provided there is no default, the Company may request an increase in the availability of the Revolving Credit Facility by an amount not exceeding $50,000. The Revolving Credit Facility matures February 2011.

The unused portion of the Revolving Credit Facility totaled $63,586, net of outstanding borrowings of zero and outstanding letters of credit of $11,414 of December 30, 2007. Interest is payable at a Eurodollar Rate or a prime rate plus an applicable margin determined by our leverage ratio. At our current leverage ratio, we qualify for the lowest applicable margin level, which amounts to 87.5 basis points for Eurodollar borrowings and zero basis points for prime rate based borrowings. The Revolving Credit Facility is secured by all domestic inventory, receivables, equipment, real property, subsidiary stock (limited to 65% for foreign subsidiaries) and intellectual property. The corresponding credit agreement associated with the Revolving Credit Facility places certain debt covenant restrictions on us, including certain financial requirements and a limitation on dividend payments.

The Senior Subordinated 8 7/8% Notes (8 7/8% Notes) issued on September 2, 2005 amounted to $133,000 at December 30, 2007 and are due November 1, 2013. Provisions of the 8 7/8% Notes include limitations on indebtedness, asset sales, and dividends and other restricted payments. Until November 1, 2008, we may redeem up to 35% of the outstanding notes at a redemption price of 108.875% with the proceeds of equity offerings, subject to certain restrictions. On or after November 1, 2009, the 8 7/8% Notes are redeemable at the option of the Company, in whole or in part, at prices declining annually from 104.438% to 100% on and after November 1, 2011. In the event of a Change of Control (as defined in the indenture for such notes), each holder of the 8 7/8% Notes may require us to repurchase all or a portion of such holder's 8 7/8% Notes at a purchase price equal to 101% of the principal amount thereof. The 8 7/8% Notes are guaranteed by certain existing and future domestic subsidiaries and are not subject to any sinking fund requirements. During the fiscal 2008 third quarter ending December 30, 2007 the Company used cash on hand to redeem $3,000 of the outstanding 8 7/8% Notes. The redemption required a $138 premium payment to Noteholders and $39 of unamortized financing costs were written-off. During January 2008 the Company used cash on hand to redeem an additional $3,145 of the outstanding 8 7/8% Notes which required a $134 premium payment to Noteholders and $40 of unamortized financing costs were written-off.

On August 1, 2007 the Company used cash on hand to redeem all of the outstanding Senior Secured 10% Notes at a price of 105% of the principal amount. The redemption required a $1,106 premium payment to Noteholders and $337 of unamortized financing costs were written-off in the fiscal 2008 second quarter ending September 30, 2007.

International lines of credit are available to meet short-term working capital needs for our subsidiaries operating outside of the United States. The lines of credit are available on an offering basis, meaning that transactions under the line of credit will be on such terms and conditions, including interest rate, maturity, representations, covenants and events of default, as mutually agreed between our subsidiaries and the local bank at the time of each specific transaction. As of December 30, 2007, amounts available under significant foreign credit lines totaled approximately $11,750 of which $10,240 was drawn.

In addition to the above facilities, our foreign subsidiaries have certain fixed term bank loans. As of December 30, 2007, significant secured loans totaled $3,040.

CAPITAL EXPENDITURES

In addition to keeping our current equipment and plants properly maintained, we are committed to replacing, enhancing, and upgrading our property, plant, and equipment to support new product development, reduce production costs, increase flexibility to respond effectively to market fluctuations and changes, meet environmental requirements, enhance safety, and promote ergonomically correct work stations. Consolidated capital expenditures for the nine months ended December 30, 2007 and December 31, 2006 were $7,421 and $6,825, respectively. We expect capital spending for fiscal 2008 to be approximately $11 to $12 million compared with $10.7 million in fiscal 2007. Incremental capital expenditures for fiscal 2008 will be primarily directed toward new product development and productivity improvement.

INFLATION AND OTHER MARKET CONDITIONS

Our costs are affected by inflation in the U.S. economy and, to a lesser extent, in foreign economies including those of Europe, Canada, Mexico, South America, and the Pacific Rim. We do not believe that general inflation has had a material effect on results of operations over the periods presented primarily due to overall low inflation levels of most costs over such periods and our ability to

generally pass on rising costs through price increases. However, we have been impacted by fluctuations in steel costs, which vary by type of steel and we continue to monitor them. In addition, U.S. employee benefits costs such as health insurance and workers compensation insurance as well as energy costs have exceeded general inflation levels. We generally incorporate those cost increases into our sales price increases and consider surcharges on certain products, as determined necessary. In the future, we may be further affected by inflation that we may not be able to pass on as price increases or surcharges.

SEASONALITY AND QUARTERLY RESULTS

Quarterly results may be materially affected by the timing of large customer orders, periods of high vacation and holiday concentrations, gains or losses on early retirement of bonds, restructuring charges, divestitures and acquisitions. Therefore, the operating results for any particular fiscal quarter are not necessarily indicative of results for any subsequent fiscal quarter or for the full fiscal year.

EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements," ("SFAS 157") to define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles, and expand disclosures about fair value measurements. SFAS 157 will be effective for fiscal years beginning after November 15, 2007. The Company is assessing the impact the adoption of SFAS 157 will have on the Company's consolidated financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS 158"). Among other items, SFAS 158 requires recognition of the overfunded or underfunded status of an entity's defined benefit postretirement plan as an asset or liability in the financial statements and requires recognition of the funded status of defined benefit postretirement plans in other comprehensive income. We adopted all of the currently required provisions of SFAS 158 in fiscal 2007. This statement also requires an entity to measure a defined benefit postretirement plan's assets and obligations that determine its funded status as of the end of the employers' fiscal year. This requirement is effective for fiscal years ending after December 15, 2008. The Company does not expect the adoption of this requirement to have a material impact on the Company's consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities -- Including an Amendment of FASB Statement No. 115" ("SFAS 159"). SFAS 159 allows the irrevocable election of fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities and other items on an instrument-by-instrument basis. Changes in fair value would be reflected in earnings as they occur. The objective of SFAS 159 is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. SFAS 159 is effective as of the beginning of the first fiscal year beginning after November 15, 2007. The Company is currently evaluating if it will elect the fair value option for any of its eligible financial instruments and other items.

In December 2007, the FASB issued SFAS No. 141 (revised 2007) "Business Combinations" ("SFAS 141(R)"). SFAS 141(R) requires the acquiring entity in a business combination to recognize all the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose all of the information required to evaluate and understand the nature and financial effect of the business combination. This statement is effective for acquisition dates on or after the beginning of the first annual reporting period beginning after December 15, 2008. The Company is currently evaluating the impact the adoption of SFAS 141(R) will have on the Company's consolidated financial statements.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This report may include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially from the results expressed or implied by such statements, including general economic and business conditions, conditions affecting the industries served by us and our subsidiaries, conditions affecting our customers and suppliers, competitor responses to our products and services, the overall market acceptance of such products and services, our asbestos-related liability, the integration of acquisitions and other factors disclosed in our periodic reports filed with the Commission. Consequently such forward-looking statements should be regarded as our current plans, estimates and beliefs. We do not undertake and specifically decline any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in the market risks since the end of Fiscal 2007.

Item 4. Controls and Procedures

As of December 30, 2007, an evaluation was performed under the supervision and with the participation of the Company's management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on that evaluation, the Company's management, including the chief executive officer and chief financial officer, concluded that the Company's disclosure controls and procedures were effective as of December 30, 2007. There were no changes in the Company's internal controls or other factors during our third quarter ended December 30, 2007.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings - none.

Item 1A. Risk Factors

No material changes from risk factors as previously disclosed in the Company's Form 10-K for the year ended March 31, 2007.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds - none.

Item 3. Defaults upon Senior Securities - none.

Item 4. Submission of Matters to a Vote of Security Holders - none.

Item 5. Other Information - none.

Item 6. Exhibits

(a) Exhibits:

Exhibit 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934; as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934; as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32 Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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.

COLUMBUS MCKINNON CORPORATION

(Registrant)

Date: FEBRUARY 8, 2008

/S/ KAREN L. HOWARD

Karen L. Howard
Vice President and Chief Financial Officer (Principal Financial Officer)