Manitex International, Inc.
Form 10-Q
August 13, 2010
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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 OF 1934**

For the quarterly period ended June 30, 2010

OR

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

For the transition period from ______ to ______

Commission File Number: 001-32401

MANITEX INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in Its Charter)

Michigan	**42-1628978**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

9725 Industrial Drive, Bridgeview, Illinois 60455

(Address of Principal Executive Offices)

(Zip Code)

(708) 430-7500

(Registrant s Telephone Number, Including Area Code)

7402 W. 100th Place, Bridgeview, Illinois 60455

(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. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	x

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

The number of shares of the registrant s common stock, no par value, outstanding as of August 12, 2010 was 11,372,467

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MANITEX INTERNATIONAL, INC.

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PART 1 FINANCIAL INFORMATION

Item 1 Financial Statements

MANITEX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In thousands, except for per share amounts)

	June 30, 2010 Unaudited	December 31, 2009
ASSETS		
Current assets		
Cash	$ 1,485	$ 287
Trade receivables (net of allowances of $122 and $76 at June 30, 2010 and December 31, 2009)	14,792	10,969
Other receivables	256	49
Inventory (net of allowances of $195 at June 30, 2010 and December 31, 2009)	26,610	27,277
Deferred tax asset	680	673
Prepaid expense and other	1,032	892
Total current assets	44,855	40,147
Total fixed assets (net)	11,053	11,804
Intangible assets (net)	21,378	22,401
Deferred tax asset	5,796	5,796
Goodwill	14,452	14,452
Other long-term assets	68	85
Total assets	$ 97,602	$ 94,685
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Notes payable short term	$ 2,565	$ 2,624
Current portion of capital lease obligations	547	520
Accounts payable	9,011	8,565
Accounts payable related parties	334	618
Accrued expenses	2,865	2,145
Other current liabilities	257	97
Total current liabilities	15,579	14,569
Long-term liabilities		
Revolving term credit facilities	19,287	16,788
Deferred tax liability	5,952	5,952
Notes payable	7,585	8,323
Capital lease obligations	4,971	5,256
Deferred gain on sale of building	2,979	3,169
Other long-term liabilities	200	200
Total long-term liabilities	40,974	39,688
Total liabilities	56,553	54,257

Commitments and contingencies

Shareholders equity		
Preferred Stock Authorized 150,000 shares, no shares issued or outstanding June 30, 2010 and December 31, 2009		
Common Stock no par value, Authorized, 20,000,000 shares authorized Issued and outstanding, 11,372,467 and 11,160,455 at June 30, 2010 and December 31, 2009, respectively	46,814	46,375
Warrants	1,788	1,788
Paid in capital	104	93
Accumulated deficit	(7,737)	(8,257)
Accumulated other comprehensive income	80	429
Total shareholders equity	41,049	40,428
Total liabilities and shareholders equity	$ 97,602	$ 94,685

The accompanying notes are an integral part of these financial statements

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MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except for per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010 Unaudited	**2009 Unaudited**	**2010 Unaudited**	**2009 Unaudited**
Net revenues	$ 19,502	$ 11,848	$ 41,472	$ 25,890
Cost of Sales	14,895	9,371	31,653	20,385
Gross profit	4,607	2,477	9,819	5,505
Operating expenses				
Research and development costs	282	118	559	239
Selling, general and administrative expenses, including corporate expenses of $572 and $471 for the three months and $1,316 and $988 for the six months ended June 30, 2010 and 2009, respectively	3,294	2,306	7,133	4,599
Restructuring expenses	82	22	135	153
Total operating expenses	3,658	2,446	7,827	4,991
Operating income	949	31	1,992	514
Other income (expense)				
Interest expense	(617)	(366)	(1,229)	(769)
Foreign currency transaction (losses) gains	(29)	66	(139)	56
Other income	10	1	154	2
Total other expense	(636)	(299)	(1,214)	(711)
Income (loss) before income taxes	313	(268)	778	(197)
Income tax (benefit)	100	(151)	258	(141)
Net income (loss)	$ 213	$ (117)	$ 520	$ (56)
Earnings (loss) Per Share				
Basic	$ 0.02	$ (0.01)	$ 0.05	$ (0.01)
Diluted	$ 0.02	$ (0.01)	$ 0.05	$ (0.01)
Weighted average common share outstanding				
Basic	11,371,956	10,836,132	11,344,541	10,786,703
Diluted	11,392,759	10,836,132	11,365,641	10,786,703

The accompanying notes are an integral part of these financial statements.

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MANITEX INTERNATIONAL, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

	Six Months Ended June 30, 2010 Unaudited	Six Months Ended June 30, 2009 Unaudited
Cash flows from operating activities:		
Net income (loss)	$ 520	$ (56)
Adjustments to reconcile net income (loss) to cash provided by (used) for operating activities:		
Depreciation and amortization	1,563	1,122
Increase (decrease) in allowances for doubtful accounts	47	(32)
Gain on disposal of fixed assets	(39)	
Deferred income taxes	(8)	(84)
Inventory reserves	(1)	40
Stock based deferred compensation	68	52
Reserve for uncertain tax positions		(30)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(4,148)	8,892
(Increase) decrease in inventory	593	(395)
(Increase) decrease in prepaid expenses	(139)	(359)
(Increase) decrease in other assets	17	
Increase (decrease) in accounts payable	177	(5,172)
Increase (decrease) in accrued expense	745	(1,060)
Increase (decrease) in other current liabilities	161	(158)
Net cash (used) for provided by operating activities	(444)	2,760
Cash flows from investing activities:		
Purchase of equipment	(164)	(39)
Proceeds from sale of equipment	216	
Net cash provided by (used) for investing activities	52	(39)
Cash flows from financing activities:		
Borrowing on revolving credit facility	3,269	241
Payment on revolving credit facility	(725)	(2,920)
Shares repurchased for income tax withholdings on share-based compensation	(18)	
Note payments (1)	(1,351)	(1,008)
New borrowing	955	894
Payment on capital lease obligations	(258)	(134)
Net cash provided by (used) for financing activities	1,872	(2,927)
Effect of exchange rate change on cash	(282)	(122)
Net increase (decrease) in cash and cash equivalents	1,480	(206)
Cash and cash equivalents at the beginning of the year	287	425
Cash and cash equivalents at end of period	$ 1,485	$ 97

(1) On March 1, 2010 and 2009, the Company issued 64,655 and 147,059 shares of its common stock to Terex Corporation, in lieu of $150 of the principal payment on the Term Note that was due on March 1, 2010 and 2009. These transactions are non-cash transactions. Accordingly, the cash flow statement excludes the impact of these transactions.

(2) On January 6, 2010, the Company issued 130,890 shares of common stock to settle a promissory note issued on December 31, 2009 in connection with the Load King acquisition. The note was executed to ensure the delivery to the Seller of 130,890 shares of the Company s Common Stock as provided for in the Purchase Agreement. This transaction is a non-cash transaction. Accordingly, the cash flow statement excludes the impact of this transaction.

The accompanying notes are an integral part of these financial statements.

MANITEX INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(in thousands, except per share data)

Note 1. Nature of Operations

The Manitex International, Inc. (the Company) is a leading provider of engineered lifting solutions. The Company operates in two business segments the Lifting Equipment segment and the Equipment Distribution segment.

Lifting Equipment Segment

The Company designs, manufactures and distributes a diverse group of products that serve different functions and are used in a variety of industries. Through its Manitex subsidiary it markets a comprehensive line of boom trucks and sign cranes. Manitex s boom trucks and crane products are primarily used for industrial projects, energy exploration and infrastructure development, including, roads, bridges and commercial construction. Our subsidiary, Badger Equipment Company, acquired on July 10, 2009, is a manufacturer of specialized rough terrain cranes and material handling products, including a newly introduced 30-ton model, the first in a new line of specialized high quality rough terrain cranes. Badger primarily serves the needs of the construction, municipality, and railroad industries. The Company acquired Badger primarily to obtain the recently developed new 30 ton Rough Terrain crane together with Badger s long standing crane legacy and niche customer relationships.

The Manitex Liftking subsidiary sells a complete line of rough terrain forklifts; including the Liftking and Noble product lines, as well as special mission oriented vehicles, and other specialized carriers, heavy material handling transporters and steel mill equipment. Manitex Liftking s rough terrain forklifts are used in both commercial and military applications. Specialty mission oriented vehicles and specialized carriers are designed and built to meet the Company s unique customer needs and requirements. The Company s specialized lifting equipment has met the particular needs of customers in various industries that include utility, ship building and steel mill industries. The Company completed the acquisition of substantially all of the assets of Schaeff Lift Truck Inc. (Schaeff) from GT Distribution, LLC. Schaeff, which produces a line of electric forklifts, and further expands the Lifting Equipment segment.

On December 31, 2009, our subsidiary, Manitex Load King, Inc. acquired the operating assets of Load King Trailers, an Elk Point, South Dakota-based manufacturer of specialized custom trailers and hauling systems, typically used for transporting heavy equipment. Load King trailers serves niche markets in the commercial construction, railroad, military, and equipment rental industries through a dealer network. Load King complements our existing material handling business.

Equipment Distribution Segment

The Company s Crane & Machinery Division located in Bridgeview, Illinois, is a crane dealer that distributes Terex rough terrain and truck cranes, Fuchs material handlers, Manitex boom trucks and sky cranes. The Company s Crane & Machinery Division provides service in its local market and also supplies repair parts for a wide variety of medium to heavy duty construction equipment sold both domestically and internationally. Our crane products are used primarily for infrastructure development and commercial constructions. Applications include road and bridge construction, general contracting, roofing, scrap handling and sign construction and maintenance.

The Company believes that in the current environment, an option to purchase previously-owned equipment is a cost effective alternative that could increase customers return on investment. In the second quarter of 2010, we created a new division, North American Equipment Exchange, (NAEE) to market previously-owned construction and heavy equipment, domestic and internationally. The Division provides a wide range of used lifting and construction equipment of various ages and condition, and the Company has the capability to refurbish the equipment to the customers specification.

Our Crane & Machinery and NAEE divisions comprise a separate reporting segment entitled Equipment Distribution.

2. Basis of Presentation

The accompanying consolidated financial statements, included herein, have been prepared by the Company without audit pursuant to the rules and regulations of the United States Securities and Exchange Commission. Pursuant to these rules and regulations, certain information and footnote disclosures normally included in financial statements which are prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments (consisting only of normal recurring accruals, except as otherwise disclosed) necessary for a fair presentation of the Company s financial position as of June 30, 2010, and results of its operations and cash flows for the periods presented. The consolidated balances as of December 31, 2009 were derived from audited financial statements but do not include all disclosures required by generally accepted accounting principles. The accompanying consolidated financial statements have been prepared in accordance with accounting standards for interim financial statements and should be read in conjunction with the Company s audited consolidated financial statements and the notes thereto for the year ended December 31, 2009. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company s Annual Report on Form 10-K for the year ended December 31, 2009. The results of operations for the interim periods are not necessarily indicative of the results of operations expected for the year.

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Allowance for Doubtful Accounts

Accounts Receivable is reduced by an allowance for amounts that may become uncollectible in the future. The Company s estimate for the allowance for doubtful accounts related to trade receivables includes evaluation of specific accounts where we have information that the customer may have an inability to meet its financial obligations.

Inventory Valuation Inventory consists of stock materials and equipment stated at the lower of cost (first in, first out) or market. All equipment classified as inventory is available for sale. The company records excess and obsolete inventory reserves. The estimated reserve is based upon specific identification of excess or obsolete inventories. Selling, general and administrative expenses are expensed as incurred and are not capitalized as a component of inventory.

Accrued Warranties

The Company establishes a reserve for future warranty expense at the point when revenue is recognized by the Company. The provision for estimated warranty claims, which is included in cost of sales, is based on a percentage of sales.

Litigation Claims

In determining whether liabilities should be recorded for pending litigation claims, the Company must assess the allegations and the likelihood that it will successfully defend itself. When the Company believes it is probable that it will not prevail in a particular matter, it will then make an estimate of the amount of liability based, in part, on the advice of outside legal counsel.

Comprehensive Income

Reporting Comprehensive Income requires reporting and displaying comprehensive income and its components. Comprehensive income includes, in addition to net earnings, other items that are reported as direct adjustments to stockholder s equity. Currently, the comprehensive income adjustment required for the Company has two components. First is a foreign currency translation adjustment, the result of consolidating its foreign subsidiary. The second component is a derivative instrument fair market value adjustment (net of income taxes) related to forward currency contracts designated as a cash flow hedge. See Note 4 for additional details. Comprehensive income is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net income (loss)	$ 213	$ (117)	$ 520	$ (56)
Other comprehensive (loss) income				
Foreign currency translation adjustments	(302)	319	(207)	135
Derivative instrument fair market value adjustment net of income taxes	(162)	(133)	(142)	(133)
Total other comprehensive (loss) income	(464)	186	(349)	2
Comprehensive (loss) income	$ (251)	$ 69	$ 171	$ (54)

Subsequent Events

The Company has performed a review of events subsequent to the balance sheet through August 13, 2010, the date the financial statements were issued.

3. Financial Instruments Forward Currency Exchange Contracts

The following tables set forth the company s financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2010 and December 31, 2009 by level within the fair value hierarchy. As required by ASC 820-10, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

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The following is summary of items that the Company measures at fair value:

	Fair Value at June 30, 2010			
	Level 1	Level 2	Level 3	Total
Asset				
Forward currency exchange contracts	$ 9	$	$	$ 9
Total current assets at fair value	$ 9	$	$	$ 9
Liabilities:				
Forward currency exchange contracts	$ 376	$	$	$ 376
Load King contingent consideration			30	$ 30
Total long-term liabilities at fair value	$ 376	$	$ 30	$ 406

	Fair Value at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Asset				
Forward currency exchange contracts	$ 151	$	$	$ 151
Total current assets at fair value	$ 151	$	$	$ 151
Liabilities:				
Forward currency exchange contracts	$ 31	$	$	$ 31
Badger acquisition note (1)	$	$	$ 550	$ 550
Total current liabilities at fair value	$ 31	$	$ 550	$ 581
Badger acquisition note (1)	$	$	$ 1,931	$ 1,931
Load King acquisition note (1)	$	$	$ 2,580	$ 2,580
Load King contingent consideration (1)	$	$	$ 30	$ 30
Total long-term liabilities at fair value	$	$	$ 4,541	$ 4,541

(1) The fair values of these items were determined as of the dates of acquisition: July 10, 2009 and December 31, 2009 respectively. The items are not subject to recurring fair value measurement.

Fair Value Measurements

ASC 820-10 classifies the inputs used to measure fair value into the following hierarchy:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

The fair value of the forward currency contracts are determined on the last day of each reporting period using quoted prices in active markets, which are supplied to the Company by the foreign currency trading operation of its bank. Under ASC 820-10, items valued based on quoted prices in active markets are Level 1 items.

The fair value of the promissory notes were calculated to be equal to the present value of the future debt payments discounted at a market rate of return commensurate with similar debt instruments with comparable levels of risk and marketability. A rate of interest of 11% and 8% were determined to be the appropriate rates for the Badger and Load King promissory notes following an assessment of the risk inherent in the debt issues and the market rates for debts of a similar nature using corporate credit ratings criteria adjusted for the lack of public markets for these debts.

The Load King purchase agreement has a contingent consideration provision which provides for a onetime payment of $750 if net revenues are equal to or greater than $30,000 in any of the next three years, i.e., 2010, 2011 or 2012. Given the disparity between the revenue threshold and the Company s projected financial results, it was determined that a Monte Carlo simulation analysis was appropriate to determine the fair value of contingent consideration. It was determined that the probability weighted average earn out payment is $30. Based thereon, we determined the fair value of the contingent consideration to be $30.

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We elected a partial deferral under the provisions of ASC 820-10 related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment and valuing assets retirement. On January 1, 2009, the company adopted the provisions that were deferred by ASC 820-10.

4. Derivatives Financial Instruments

On January 1, 2009, we adopted provisions of ASC 815-10 which requires enhanced disclosures regarding an entity s derivative and hedging activities as provided below.

The Company s risk management objective is to use the most efficient and effective methods available to us to minimize, eliminate, reduce or transfer the risks which are associated with fluctuation of exchange rates between the Canadian and U.S. dollar. When the Company s Canadian subsidiary receives a significant new U.S. dollar order, management will evaluate different options that may be available to mitigate future currency exchange risks. The decision to hedge future sales is not automatic and is decided case by case. The Company will only use hedge instruments to hedge firm existing sales orders and not estimated exposure, when management determines that exchange risks exceeds desired risk tolerance levels.

The Company enters into forward currency exchange contracts in relationship such that the exchange gains and losses on the assets and liabilities denominated in other than the reporting units functional currency would be offset by the changes in the market value of the forward currency exchange contracts it holds. The forward currency exchange contracts that the Company has to offset existing assets and liabilities denominated in other than the reporting units functional currency have been determined not to be considered a hedge under ASC 815-10. The Company records at the balance sheet date the forward currency exchange contracts at its market value with any associated gain or loss being recorded in current earnings. Both realized and unrealized gains and losses related to forward currency contracts are included in current earnings and are reflected in the Statement of Operations in the other income expense section on the line titled foreign currency transaction losses. Items denominated in other than a reporting units functional currency includes U.S. denominated accounts receivables and accounts payable held by our Canadian subsidiary. Additionally, there is a note payable for CDN $600 issued in connection with the Liftking acquisition. The US dollar liability for this note is adjusted each month based on the month end exchange rate, currency gains and losses are included in income each month.

The Company entered into forward currency contracts to hedge certain future U.S. dollar sales of its Canadian Subsidiary. The decision, to hedge future sales is not automatic and is decided case by case. The forward currency contracts to hedge future sales are designated as cash flow hedges under ASC 815-10.

As required, forward currency contracts are recognized as an asset or liability at fair value on the Company s Consolidated Balance Sheet. For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings (date of sale). Gains or losses on cash flow hedges when recognized into income are included in net revenues. Gains and losses on the derivative instruments representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. The Company expects minimal ineffectiveness as the Company has hedged only firm sales orders and has not hedged estimated exposures. In the next twelve months, the company estimates $214 of pre-tax unrealized losses related to forward currency contract hedges to be reclassified from other comprehensive income into earnings.

At June 30, 2010, the Company had entered into a series of forward currency exchange contracts. The contracts obligate the Company to purchase approximately CDN $10,472 in total. The contracts which are in various amounts mature between July 2, 2010 and January 14, 2011. Under the contract, the Company will purchase Canadian dollars at exchange rates between .9245 and .9957. The Canadian to US dollar exchange rates was .9393 at June 30, 2010. The unrealized currency exchange asset is reported under prepaid expense and other if it is an asset or under accrued expenses if it is a liability on the balance sheet at June 30, 2010. As of June 30, 2010, the Company had the following forward currency contracts:

Nature of Derivative	Amount	Type
Forward currency contract	CDN$ 5,656	Not designated as hedge instrument
Forward currency contract	CDN$ 4,816	Cash flow hedge

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The following table provides the location and fair value amounts of derivative instruments that are reported in the Consolidated Balance Sheet as of June 30, 2010 and December 31, 2009:

Total derivatives NOT designated as a hedge instrument

		Fair Value	
Asset Derivatives	**Balance Sheet Location**	**June 30, 2010**	**December 31, 2009**
Foreign currency Exchange Contract	Prepaid expense and other	$ 9	$ 151
Liabilities Derivatives			
Foreign currency Exchange Contract	Accrued expense	$ (162)	$ (31)

Total derivatives designated as a hedge instrument

		Fair Value	
Liabilities Derivatives	**Balance Sheet Location**	**June 30, 2010**	**December 31, 2009**
Foreign currency Exchange Contract	Accrued expense	$ (214)	$

The following tables provide the effect of derivative instruments on the Consolidated Statement of Operations for the three and six months ended June 30, 2010 and 2009:

		Gain or (loss)			
	Location of gain or (loss)	**Three months ended June 30,**		**Six-months ended June 30,**	
Derivatives Not designated as Hedge Instrument	**recognized in Income Statement**	**2010**	**2009**	**2010**	**2009**
Forward currency contracts	Foreign currency transaction gains (losses)	$ (289)	$ 144	$ (304)	$ 55

		Gain or (loss)			
	Location of gain or (loss)	**Three months ended June 30,**		**Six months ended June 30,**	
Derivatives designated as Hedge Instrument	**recognized in Income Statement**	**2010**	**2009**	**2010**	**2009**
Forward currency contracts	Net revenue	$ (51)	$ (76)	$ (17)	$ (76)

The Counterparty to currency exchange forward contracts is a major financial institution with credit ratings of investment grade or better and no collateral is required. Management continues to monitor counterparty risk and believes the risk of incurring losses on derivative contracts related to credit risk is unlikely.

5. Acquisition

Badger Equipment Company

On July 10, 2009, the Company completed the acquisition of 100% of the capital stock of Badger Equipment Company, a Minnesota corporation, (Badger), pursuant to a Stock Purchase Agreement (the Purchase Agreement) with Avis Industrial Corporation, an Indiana corporation (Avis). Badger produces specialized rough terrain cranes and material handling products, including a newly introduced 30-ton model, the first in new line of specialized high quality rough terrain cranes. Badger primarily serves the needs of the construction, municipality, and railroad industries. The Company acquired Badger primarily to obtain the recently developed new 30 ton Rough Terrain crane together with Badger s long standing crane legacy and niche customer relationships. These provide significant additional markets for the Company and are also strategically aligned with its existing lifting equipment segment.

During the assessment of the Badger acquisition, it became apparent that the transaction may result in a bargain purchase. Our initial view was that a favorable price had been negotiated due to there being no open market sale process due to the long standing relationship with Avis since 2000. In addition, Avis did not use any outside advisors for the transaction and needed to focus on its core (mainly automotive) businesses that were under significant pressure in the current economy. The Company engaged a valuation expert and a tax advisor to provide guidance and assistance to management which was considered and in part relied upon in completing its purchase price allocation. A physical count of the inventory and fixed assets was conducted. As required by accounting standard FASB ASC 805-30-30, a reassessment was conducted to ensure that assets and liabilities were completely identified and fairly valued which included a decision to further review the fair value of the real estate and the consideration given including the stock in the Company and the interest bearing promissory note.

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The fair value of the purchase consideration was $5,112 as follows:

	Fair Value
Cash	$ 40
300,000 shares of Manitex International Inc stock	976
Interest-bearing promissory note	2,440
Capital lease obligation	1,656
Total purchase consideration	5,112
Less: none cash items and cash received;	
Manitex International, Inc. common stock	(976)
Promissory note	(2,440)
Capital lease	(1,656)
Cash received in the acquisition	(1)
Net cash consideration paid	$ 39

Purchase Price allocation	
Cash	$ 1
Inventory	2,301
Machinery & equipment	698
Land & buildings	1,700
Accounts receivable	604
Deferred taxes	345
Prepaid expenses	10
Trade names & trademarks	600
Unpatented technology	810
In-process research and development	100
Dealer relationships	440
Accounts payable	(560)
Accrued expenses	(354)
Deferred tax liability	(683)
Gain on bargain purchase	(900)
Net assets acquired	$ 5,112

Manitex International Inc. stock - The fair value of the stock consideration was established using the guideline public company method to establish an enterprise value for the Company at the transaction date, which resulted in a per share value of $3.25 or an aggregate value of $976 for the three hundred thousand shares. While the NASDAQ closing price was considered in our valuation of fair value, the market price of our stock is only one indicator. It has been our opinion that it is simply not a reliable indicator of the value for the Company, either now or in the past. Our conclusion is based on the fact that trading volume on our stock is very limited, the Company does not provide guidance nor is there is any significant analyst coverage. Furthermore, very modest sized trades can impact the stock price significantly because our trading volume is so low.

Interest-bearing Promissory Note - Under the terms of the Purchase Agreement, the Company promises to pay Avis the principal sum of $2,750 at an interest rate of 6.0% per annum from the date of the Transaction through July 10, 2014. The Promissory Note requires the Company to make interest only payments commencing on October 1, 2009 and continuing on the first day of each subsequent quarter thereafter. Furthermore principal payments will be paid annually, in the amount of $550 commencing on July 10, 2010 and continuing on each subsequent July 10th for the following four years. The Agreement also states that the Promissory Note is secured by all of the outstanding shares of capital stock of Badger. The fair value of the promissory note was calculated to be equal to the present value of the future debt payments discounted at a market rate of return commensurate with similar debt instruments with comparable levels of risk and marketability. A rate of interest of 11% was determined to be the appropriate rate following an assessment of the risk inherent in the debt issue and the market rate for debt of this nature using corporate credit ratings criteria adjusted for the lack of public markets for this Note. The calculated fair value was $2,440.

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Capital Lease obligation - The Company entered into a five year lease for the Badger premises which expires in July 2014 that provides for annual rent of $300 payable in twelve equal monthly installments. The lease has been classified as a capital lease under the provisions of ASC 840-10. The Company has an option to purchase the facility for $500 at the end of the lease by giving notice to Landlord of its intent to purchase the Facility. The fair value of this obligation was calculated by discounting the payments required under the lease by a discount factor of 6.125%, a rate that is considered to be the market rate for similar mortgage type transactions. The calculated fair value was $1,656.

Under the acquisition method of accounting, the total acquisition consideration is allocated to the assets acquired and liabilities assumed based on their fair values as of the date of the acquisition as shown below.

Cash and other tangible assets and liabilities: The tangible assets and liabilities were valued at their respective carrying values by Badger, except for certain adjustments necessary to state such amounts at their estimated fair values at the acquisition date.

Intangible assets: There are three fundamental methods applied to value intangible assets outlined in FASB ASC 820. These methods include the Cost Approach, the Market Approach, and the Income Approach. Each of these valuation approaches was considered in our estimation of value.

Trade names and trademarks and Unpatented Technology: Valued using the Relief from Royalty method, a form of both the Market Approach and the Income Approach. Because the Company has established trade names and trademarks and has developed unpatented technology, we estimated the benefit of ownership as the relief from the royalty expense that would need to be incurred in absence of ownership.

In-process research and technology and dealer relationships: Because there is a specific earnings stream that can be associated exclusively with the in-process research and development and with the dealer relationships, the Company determined the discounted cash flow method was the most appropriate methodology for valuation.

Gain on bargain purchase: In accordance with ASC 805, any excess of fair value of acquired net assets over the acquisition consideration results in a bargain purchase. Prior to recording a gain, the acquiring entity must reassess whether all acquired assets and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued. The Company, together with its advisors, underwent such a reassessment, and as a result, has recorded a gain on bargain purchase of $900. In accordance with acquisition method of accounting, any resulting gain on bargain purchase was recognized in earnings on the acquisition date. The Company believes that the gain on bargain purchase resulted from the negotiation of a favorable price for Badger due to there being no open market sale process due to the long standing relationship with Avis since 2000, Avis not using any outside advisors for the transaction and the fact that Avis needed to focus on its core (mainly automotive) businesses that were under significant pressure in the current economy.

Acquisition transaction costs: The majority of acquisition transaction costs were the responsibility of the seller, Avis Industrial Corp, who paid for legal costs. Due diligence and other legal activities were performed by internal Company employees. Costs for valuation and tax services amounted to $17 and are recorded in selling, general and administration expense for the quarter ended September 30, 2009.

The results of the acquired Badger operations have been included in our consolidated statement of operations since July 10, 2009, the acquisition date. The results of Badger also form part of the segment disclosures for the Lifting Equipment segment.

Terex Load King Acquisition

On December 31, 2009, the Company completed the purchase of the assets and certain liabilities of Terex Load King Trailers, (Load King) an Elk Point, South Dakota-based manufacturer of specialized custom trailers and hauling systems typically used for transporting heavy equipment, pursuant to an Asset Purchase Agreement with Genie Industries, Inc., a subsidiary of Terex Corporation. Load King primarily serves the commercial construction, railroad, oilfield service, military and equipment rental industries. The Company acquired Load King primarily because of its long standing legacy niche products and customer relationships. These attributes provide significant additional markets for the Company combined with its synergy with existing material handling products within the Company s lifting equipment segment.

During the assessment of the processing of the Load King acquisition, it became apparent that the transaction may result in a bargain purchase. This supported an initial view that a favorable price had been negotiated due to the transaction being completed with a motivated seller as Terex Corporation (Terex.) desired to restructure its operations and focus on core competencies. Additionally, although Terex employed an investment banker to solicit potential buyers, Manitex was the only bidder identified willing to consummate a transaction with terms attractive to Terex (i.e. the only bidder who was willing to purchase substantially all the assets of Load King).

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The Company engaged a valuation expert and a tax advisor to provide guidance and assistance to management which was considered and in part relied upon in completing its purchase price allocation. Physical assets had been reviewed and visited. As required by accounting standard FASB ASC 805-30-30, a reassessment was conducted to ensure that assets and liabilities were completely identified and fairly valued which included a further review of the fair value of consideration.

The fair value of the purchase consideration was $2,960 as follows:

	Fair Value
Cash	$ 100
130,890 shares of Manitex International Inc stock	250
Interest-bearing promissory note	2,580
Contingent consideration	30
Total purchase consideration	2,960
Less: none cash items and cash received;	
Manitex International, Inc. common stock	(250)
Promissory note	(2,580)
Contingent consideration	(30)
Net cash consideration paid	$ 100

Manitex International Inc. stock. The fair value of the stock consideration was determined to be $250, as the Asset Purchase Agreement contained a methodology to determine the number of shares equal to $250.

Interest-bearing Promissory Note. Per the terms of the Agreement, Manitex promised to pay Genie Industries, Inc. the principal sum of $2,750 at an interest rate of 6.0% per annum from the date of the Transaction through December 31, 2016. The Promissory Note requires Manitex to make interest payments commencing on December 31, 2009 and continuing on the last day of each subsequent quarter through and including December 31, 2016. Furthermore, principal payments equal to one-sixth of the principal sum (i.e., approximately $458) will be paid annually, commencing on December 31, 2011 and continuing on each subsequent December 31 for the following five years. The Promissory Note is secured by certain real property and machinery and equipment of Load King, located in South Dakota.

The note was recorded at its fair value on date of issuance at $2,580. The fair value of the promissory note was calculated to be equal to the present value of the future debt payments discounted at a market rate of return commensurate with similar debt instruments with comparable levels of risk and marketability. A rate of interest of 8% was determined to be the appropriate rate following an assessment of the risk inherent in the debt issue and the market rate for debt of this nature using corporate credit ratings criteria adjusted for the lack of public markets for this Note. The difference between face amount of the note and its fair value is being amortized over the life of the note, and is being charged to interest expense.

Contingent Consideration. In accordance with ASC 805, the acquirer is to recognize the acquisition date fair value of contingent consideration. The agreement has a contingent consideration provision which provides for a onetime payment of $750 if net revenues are equal to or greater than $30,000 in any of the next three years, i.e., 2010, 2011 or 2012. Given the disparity between the revenue threshold and the Company s projected financial results, it was determined that a Monte Carlo simulation analysis was appropriate to determine the fair value of contingent consideration. It was determined that the probability weighted average earn out payment is $30. Based thereon, we determined the fair value of the contingent consideration to be $30.

Under the acquisition method of accounting, in accordance ASC 805, Business Combinations , the assets acquired and liabilities assumed are valued based on their estimated fair values as of the date of the acquisition as shown below.

Purchase Price allocation:	
Inventory	$ 1,841
Machinery & equipment	1,716

Land & buildings	2,610
Accounts receivable	464
Prepaid expenses	5
Trade names & trademarks	420
Unpatented technology	670
Accounts payable	(144)
Accrued expenses	(150)
Deferred tax liability	(1,557)
Gain on bargain purchase	(2,915)
Net assets acquired	$ 2,960

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Tangible assets and liabilities: The tangible assets and liabilities were valued at their respective carrying values by Load King, except for certain adjustments necessary to state such amounts at their estimated fair values at the acquisition date. A significant fair market adjustment to land and building was made. Fair market adjustments, which were not significant, were also made to adjust machinery and equipment and inventory.

Intangible assets: There are three fundamental methods applied to value intangible assets outlined in FASB ASC 820. These methods include the Cost Approach, the Market Approach, and the Income Approach. Each of these valuation approaches was considered in our estimation of value.

Trade names and trademarks and Unpatented Technology: Valued using the Relief from Royalty method, a form of both the Market Approach and the Income Approach. Because the Company has established trade names and trademarks and has developed unpatented technology, we estimated the benefit of ownership as the relief from the royalty expense that would need to be incurred in absence of ownership.

Gain on bargain purchase: In accordance with ASC 805, any excess of fair value of acquired net assets over the acquisition consideration results in a bargain purchase. Prior to recording a gain, the acquiring entity must reassess whether all acquired assets and assumed liabilities have been identified and recognized and perform re-measurements to verify that the consideration paid, assets acquired and liabilities assumed have been properly valued. The Company, together with its advisors, underwent such a reassessment, and as a result, has recorded a gain on bargain purchase of $2,915. In accordance with acquisition method of accounting, any resulting gain on bargain purchase must be recognized in earnings on the acquisition date. The gain on bargain purchase is disclosed on a separate line in the Company s consolidated statement of operations for year ended December 31 2009. The Company believes that the gain on bargain purchase resulted from the negotiation of a favorable price for Load King due to the transaction being completed with a motivated seller who desired to restructure its operations and focus on core competencies. Additionally, although the Seller employed an investment banker to solicit potential buyers, Manitex was the only bidder identified willing to consummate a transaction with terms attractive to Terex (i.e. the only bidder who was willing to purchase substantially all the assets of Load King).

Acquisition transaction costs: The Company incurred $54 in legal fees in connection with the Load King acquisition. Due diligence and other activities were performed by internal Company employees. Internal cost and legal fees are recorded in recorded in selling, general and administration expense in 2009. Costs for prior years audits, valuation and tax services preformed after December 31, 2009 are approximately $86 and have been recorded in the first quarter of 2010.

The results of the acquired Load King operations have been included in the Company s consolidated statement of operations since December 31, 2009, the acquisition date. The results of Load King also form part of the segment disclosures for the Lifting Equipment segment.

Pro Forma Results

The following unaudited pro forma information assumes the acquisition of Badger Equipment Company and Terex Load King occurred on January 1, 2009. The unaudited pro forma results have been prepared for informational purposes only and do not purport to represent the results of operations that would have been had the acquisition occurred as of the date indicated, nor of future results of operations. The unaudited pro forma results for the three and six months ended June 30, 2009 are as follows (in thousands, except per share data)

	Three Months Ended June 30, 2009	Six Months Ended June 30, 2009
Net revenues	$ 14,536	$ 32,147
Net loss	$ (841)	$ (2,290)
Loss per share		
Basic	$ (0.07)	$ (0.20)
Diluted	$ (0.07)	$ (0.20)

Pro Forma Adjustment Note

A Pro Forma adjustment was made to give effect to the amortization of the intangibles recorded as a result of the acquisitions, which would have resulted in $54 and $108 of additional amortization expense for the three and six months ended June 30, 2009. Pro Forma adjustments to interest expense was made to reflect interest on the promissory notes issued in connection with the acquisitions, the capital lease executed in the Badger acquisition and to eliminate interest expense for Badger debt not assumed in the transaction. The net effect was to increase interest expense by $141 and $278 for the three and six month periods ended June 30, 2009. Pro Forma adjustments were made to account for the changes in depreciation expense based on the value of fixed as determined in the purchase price allocation. The effect was to increase depreciation expense by $1 for the three months ended June 30, 2009 and to decrease depreciation expense by $6 for the six months ended June 30, 2009.

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Basic and diluted shares outstanding were increased by 430,890 shares for three and six months ended June 30, 2009.

In connection with the acquisitions of Badger and Load King, the Company recognized gains on bargain purchases of $3,715 and a tax benefit of $1,893. In previous filings, pro forma adjustments were made to move the gains on bargain purchases and the tax benefit to the assumed acquisition date (January1, 2009 or January 1, 2008). Subsequently, we determined that these pro forma adjusts were not required. As such, the above pro forma disclosure does not included pro forma adjustments to move the gains on bargain purchases and the tax benefit from the historic periods.

6. Net Earnings per Common Share

Basic net earnings per share is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution of warrants, and restricted stock units. Details of the calculations are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2010	**2009**	**2010**	**2009**
Net Income (loss) per common share				
Basic	$ 213	$ (117)	$ 520	$ (56)
Diluted	$ 213	$ (117)	$ 520	$ (56)
Earnings (loss) per share				
Basic	$ 0.02	$ (0.01)	$ 0.05	$ (0.01)
Diluted	$ 0.02	$ (0.01)	$ 0.05	$ (0.01)
Weighted average common share outstanding				
Basic	11,371,956	10,836,132	11,344,541	10,786,703
Diluted				
Basic	11,371,956	10,836,132	11,344,541	10,786,703
Dilutive effect of restricted stock units	20,803		21,100	
	11,392,759	10,836,132	11,365,641	10,786,703

Weighted average of diluted shares related to restricted stock of 7,963 and 8,109 for the three and six months ended June 30, 2009 were excluded from diluted shares as additional shares are anti-dilutive when the Company has a loss.

7. Equity

Stock Warrants

The Company accounts for warrants issued to non-employees based on the fair value on date of issuance. Certain warrants will be exercisable on a cashless basis under certain circumstances, and are callable by the Company on a cashless basis under certain circumstances. At June 30, 2010 and December 31, 2009, the Company had issued and outstanding warrants as follows:

Number of Warrants	**Exercise Price**	**Expiration Date**	
450,000	$ 4.05	November 15, 2011	Private placement
204,000	$ 4.25	November 15, 2011	Private placement
192,500	$ 4.62	November 15, 2011	Placement Agent Fee
15,000	$ 7.08	June 15, 2011	Investor Relation Service

105,000	$ 7.18	September 11, 2012	Placement Agent Fee

During the three and six months ended June 30, 2010 no warrants were exercised.

Stock Issuance

On January 6, 2010, the Company issued 130,890 shares of common stock to settle a promissory note issued on December 31, 2009 in connection with the Load King acquisition. The note was executed to ensure the delivery to the Seller of 130,890 shares of the Company s Common Stock as provided for in the Purchase Agreement

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On March 1, 2010, the Company issued 64,655 shares of common stock to the Terex Corporation as the Company elected to pay $150 of the annual principal payment due March 1, 2010 in shares of the Company s common stock. The share price for the transactions was the average closing price for the twenty trading days ending the day before the payment was due. See note 15.

The Company issued shares of common stock to employees for restricted stock units issued under the Company s 2004 Incentive Plan, which had vested. The Company also repurchased shares from employees to satisfy employee withholding tax obligation. The shares were repurchased at the closing price on date the shares vested. The below table summarizes both stock issuance and repurchase with employees:

Issued Date	Shares Issued	Shares Repurchased	Share Net of Repurchases	Repurchase Price
January 5, 2010	1,500	490	1,010	$ 2.19
January 6, 2010	4,000	1,309	2,691	$ 2.19
January 18, 2010	1,000	327	673	$ 2.30
January 28, 2010	10,500	3,429	7,071	$ 2.30
February 1, 2010	4,000	1,308	2,692	$ 2.25
March 31, 2010	1,320		1,320	
May 17, 2010	1,500	490	1,010	$ 2.25
	23,820	7,353	16,467	

2004 Equity Incentive Plan

In 2004, the Company adopted the 2004 Equity Incentive Plan and subsequently amended and restated the plan on September 13, 2007 and May 28, 2009. The maximum number of shares of common stock reserved for issuance under the plan is 500,000 shares. The total number of shares reserved for issuance may, however, may be adjusted to reflect certain corporate transactions or changes in The Company s capital structure. The Company s employees and members of the board of directors who are not our employees or employees of our affiliates are eligible to participate in the plan. The plan is administered by a committee of the board comprised of members who are outside directors. The plan provides that the committee has the authority to, among other things, select plan participants, determine the type and amount of awards, determine award terms, fix all other conditions of any awards, interpret the plan and any plan awards. Under the plan, the committee can grant stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance units, except Directors may not be granted stock appreciation rights, performance shares and performance units. During any calendar year, participants are limited in the number of grants they may receive under the plan. In any year, an individual may not receive options for more than 15,000 shares, stock appreciation rights with respect to more than 20,000 shares, more than 20,000 shares of restricted stock and/or an award for more than 10,000 performance shares or restricted stock units or performance units. The plan requires that the exercise price for stock options and stock appreciation rights be not less than fair market value of the Company s common stock on date of grant.

The following table contains information regarding restricted stock units as of June 30, 2010:

	2010
Outstanding on January 1,	26,559
Issued	22,320
Vested and issued	(16,467)
Vested repurchased for income tax withholding	(7,353)
Forfeited	(68)
Outstanding on June 30,	24,991

The value of the restricted stock is being charged to compensation expense over the vesting period. Compensation expense includes expense related to restricted stock units of $10 and $28 for the three months and $68 and $51 for the six months ended June 30, 2010 and 2009, respectively. Additional compensation expense related to restricted stock units will be $11, and $1 for the remainder of 2010, and 2011, respectively.

8. New Accounting Pronouncements

In October 2009, the FASB issued Accounting Standards Update 2009-13, Multiple-Deliverable Revenue Arrangements , which amended ASC 605, Revenue Recognition. This guidance addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting, and how to allocate the consideration to each unit of accounting. In an

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arrangement with multiple deliverables, the delivered item(s) shall be considered a separate unit of accounting if the delivered items have value to the customer on a stand-alone basis. Items have value on a stand-alone basis if they are sold separately by any vendor or the customer could resell the delivered items on a stand-alone basis and if the arrangement includes a general right of return relative to the delivered items, delivery or performance of the undelivered items is considered probable and substantially in the control of the vendor.

Arrangement consideration shall be allocated at the inception of the arrangement to all deliverables based on their relative selling price, except under certain circumstances such as items recorded at fair value and items not contingent upon the delivery of additional items or meeting other specified performance conditions. The selling price for each deliverable shall be determined using vendor specific objective evidence (VSOE) of selling price, if it exists, otherwise third-party evidence of selling price. If neither VSOE nor third-party evidence exists for a deliverable, the vendor shall use its best estimate of the selling price for that deliverable. This guidance eliminates the use of the residual value method for determining allocation of arrangement consideration and allows the use of an entity s best estimate to determine the selling price if VSOE and third-party evidence cannot be determined. It also requires additional disclosures such as the nature of the arrangement, certain provisions within the arrangement, significant factors used to determine selling prices and the timing of revenue recognition related to the arrangement. This guidance shall be effective for fiscal years beginning on or after June 15, 2010, with early adoption permitted. We are currently evaluating the impact that adoption of this guidance will have on the determination and reporting of the Company s financial results.

In June 2009, the FASB revised the authoritative guidance for determining the primary beneficiary of a VIE. In December 2009, the FASB issued Accounting Standards Update No. 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities (ASU 2009-17), which provides amendments to ASC 810 to reflect the revised guidance. The amendments in ASU 2009-17 replace the quantitative-based risks and rewards calculation for determining which reporting entity, if any, has a controlling financial interest in a VIE with an approach focused on identifying which reporting entity has the power to direct the activities of a VIE that most significantly impact the entity s economic performance and (1) the obligation to absorb losses of the entity or (2) the right to receive benefits from the entity. The amendments in ASU 2009-17 also require additional disclosures about a reporting entity s involvement with VIEs. ASU 2009-17 is effective for fiscal years beginning after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. The adoption of this guidance on January 1, 2010, did not have a significant impact on the determination or reporting of our financial results.

In January 2010, the FASB issued Accounting Standards Update 2010-01, Equity (Topic 505): Accounting for Distributions to Shareholders with Components of Stock and Cash (A Consensus of the FASB Emerging Issues Task Force). This amendment to Topic 505 clarifies the stock portion of a distribution to shareholders that allows them to elect to receive cash or stock with a limit on the amount of cash that will be distributed is not a stock dividend for purposes of applying Topics 505 and 260. ASU 2010-01 is effective for interim and annual periods ending on or after December 15, 2009, and would be applied on a retrospective basis. The adoption did not have an impact on its results of operations, financial position and cash flows.

In January 2010, the FASB issued Accounting Standards Update 2010-02, Consolidation (Topic 810): Accounting and Reporting for Decreases in Ownership of a Subsidiary. This amendment to Topic 810 clarifies, but does not change, the scope of current US GAAP. It clarifies the decrease in ownership provisions of Subtopic 810-10 and removes the potential conflict between guidance in that Subtopic and asset derecognition and gain or loss recognition guidance that may exist in other US GAAP. An entity will be required to follow the amended guidance beginning in the period that it first adopts FAS 160 (now included in Subtopic 810-10). For those entities that have already adopted FAS 160, the amendments are effective at the beginning of the first interim or annual reporting period ending on or after December 15, 2009. The provisions were adopted on January 1, 2009. The adoption did not have a material impact on the Company s Consolidated Financial Statements.

In January 2010, the FASB issued Accounting Standards Update 2010-06, Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements. This ASU requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement as set forth in Codification Subtopic 820-10. The FASB s objective is to improve these disclosures and, thus, increase the transparency in financial reporting. Specifically, ASU2010-06 amends Codification Subtopic 820-10 to now require:

A reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and,

In the reconciliation for fair value measurements using significant unobservable inputs, a reporting entity should present separately information about purchases, sales, issuances and settlements.

In addition, ASU2010-06 clarifies the requirements of the following existing disclosures:

- For purposes of reporting fair value measurement for each class of assets and liabilities, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities; and,

- A reporting entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements.

ASU2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Early adoption is permitted. The provisions were adopted on January 1, 2009. The adoption did not have a material impact on the Company s Consolidated Financial Statements.

In February 2010, the FASB issued Accounting Standards Update 2010-08 ,*Technical Corrections to Various Topics* , which provides certain clarifications made to the guidance on embedded derivatives and hedging. The Update was issued to provide special transition provisions upon application of the change in application of the topic. The Company does not believe that this update will have a material impact on its financial statements.

In February 2010, the FASB issued Accounting Standards Update 2010-09, Subsequent Events (Topic 855): Amendments to Certain Recognition and Disclosure Requirements. ASU 2010-09 removes the requirement for an SEC filer to disclose a date through which subsequent events have been evaluated in both issued and revised financial statements. Revised financial statements include financial statements revised as a result of either correction of an error or retrospective application of U.S. GAAP. The FASB also clarified that if the financial statements have been revised, then an entity that is not an SEC filer should disclose both the date that the financial statements were issued or available to be issued and the date the revised financial statements were issued or available to be issued. The FASB believes these amendments remove potential conflicts with the SEC s literature. In addition, the amendments in the ASU requires an entity that is a conduit bond obligor for conduit debt securities that are traded in a public market to evaluate subsequent events through the date of issuance of its financial statements and must disclose such date. All of the amendments in the ASU were effective upon issuance (February 24, 2010) except for the use of the issued date for conduit debt obligors. That amendment is effective for interim or annual periods ending after June 15, 2010. The guidance, except for that related to conduit debt obligations, has been adopted and did not have a material impact on the Company s Consolidated Financial Statements.

In March 2010, the FASB issued Accounting Standards Update 2010-11, Derivatives and Hedging (Topic 815): Scope Exception Related to Embedded Credit Derivatives. The amendments in this Update are effective for each reporting entity at the beginning of its first fiscal quarter beginning after June 15, 2010. Early adoption is permitted at the beginning of each entity s first fiscal quarter beginning after issuance of this Update. The Company does not expect the provisions of ASU 2010-11 to have a material effect on the financial position, results of operations or cash flows of the Company.

In April 2010, the FASB issued Accounting Standards Update 2010-13, Compensation-Stock Compensation (topic 718): Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades a consensus of the FASB Emerging Issues Task Force. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010. Earlier application is permitted. The Company does not expect the provisions of ASU 2010-13 to have a material effect on the financial position, results of operations or cash flows of the Company.

9. Inventory

The components of inventory are as follows:

	June 30, 2010	December 31, 2009
Raw Materials and Purchased Parts,	$ 20,072	$ 18,676
Work in Process	3,130	2,267
Finished Goods	3,408	6,334
Inventories, net	$ 26,610	$ 27,277

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10. Goodwill and Intangible Assets

	June 30, 2010	December 31, 2009	Useful lives
Patented and unpatented technology	$ 12,136	$ 12,141	10 -17 years
Amortization	(4,277)	(3,672)	
Customer relationships	10,064	10,069	10-20 years
Amortization	(1,852)	(1.564)	
Trade names and trademarks	5,989	5,990	25 years-indefinite
Amortization	(782)	(663)	
In process research and development	100	100	Indefinite
Customer Backlog	469	470	< 1 year
Amortization	(469)	(470)	
Intangible assets	21,378	22,401	
Goodwill	14,452	14,452	
Goodwill and other intangibles	$ 35,830	$ 36,853	

Amortization expense for intangible assets was $507 and $449 for the three months and $1,015 and $897 for the six months ended June 30, 2010 and 2009, respectively.

As of June 30, 2010 and December 31, 2010, Goodwill for Lifting Equipment segment and the Equipment Distribution segment was $14,177 and $275, respectively.

13. Accounts Payable and Accrued Expenses

	June 30, 2010	December 31, 2009
Accrued expenses:		
Accrued payroll	$ 272	$ 199
Accrued employee health	160	247
Accrued audit and legal	176	111
Accrued bonuses		160
Accrued vacation expense	253	341
Accrued interest	154	146
Accrued commissions	370	81
Accrued expenses other	424	136
Accrued warranty	561	550
Accrued income taxes	109	33
Accrued product liability	10	110
Accrued liability on forward currency exchange contracts	376	31
Total accrued expenses	$ 2,865	$ 2,145

14. Accrued Warranties

The liability is established using historical warranty claim experience. Historical warranty experience is, however, reviewed by management. The current provision may be adjusted to take into account unusual or non-recurring events in the past or anticipated changes in future warranty claims. Adjustments to the initial warranty accrual are recorded if actual claim experience indicates that adjustments are necessary. Warranty reserves are reviewed to ensure critical assumptions are updated for known events that may impact the potential warranty liability.

	Six Months Ended	
	June 30, 2010	June 30, 2009
Balance January 1,	$ 550	$ 668
Accrual for warranties issued during the period	884	194
Warranty Services provided	(815)&nb	