TECH OPS SEVCON INC Form 10-O May 12, 2006

#### **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 April 1, 2006

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

For the transition period from \_\_\_\_\_\_ to \_\_\_\_\_\_

Commission File Number 1-9789

#### **TECH/OPS SEVCON, INC.**

(Exact name of registrant as specified in its charter)

Delaware

04-2985631

No.)

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification

155 Northboro Road, Southborough, Massachusetts, 01772

(Address of principal executive offices and zip code)

(508) 281 5510

(*Registrant's telephone number, including area code*)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  $\mathbf{x}$  No  $\mathbf{o}$ 

Indicate by check mark 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 Exchange Act. (Check one):

## Edgar Filing: TECH OPS SEVCON INC - Form 10-Q

Large accelerated filer  $o\,$  Accelerated Filer  $o\,$  Non accelerated filer  $x\,$ 

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes **o** No  $\mathbf{x}$ 

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class Common stock, par value \$.10 Outstanding at May 11, 2006 3,209,051

23

- 1 -

Index

### TECH/OPS, SEVCON LTD FORM 10-Q FOR THE QUARTER ENDED APRIL 1, 2006 INDEX

PART I -FINANCIAL INFORMATION	PAGE
Item 1 Financial Statements	3
Consolidated Balance Sheets	3
Consolidated Statements of Income	4
Consolidated Statements of Comprehensive Income	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6
Item 2 Management's Discussion and Analysis of Financial Condition and Results of	12
Operations	
Item 3 Quantitative and Qualitative Disclosures about Market Risk	20
Item 4 Controls and Procedures	21
PART II - OTHER INFORMATION	22
Item 4 Submission of Matters to a Vote of Security Holders	22
Item 6 Exhibits	22
<u>SIGNATURES</u>	22
INDEX OF EXHIBITS	22

23

- 2 -

Index

# **ITEM 1. FINANCIAL STATEMENTS**

### CONSOLIDATED BALANCE SHEETS

Tech/Ops Sevcon, Inc. and Subsidiaries

Tech/Ops Sevcon, Inc. and Subsidiaries						
		(in thousands of dollars except per share data)				
		April 1,	Sept	ember 30,		
		2006		2005		
			(der	ived from		
		(unaudited)		1 statements)		
ASSETS		(unuunteu)	uuuno	a statements)		
Current assets:						
Cash and cash equivalents	\$	1,027	\$	1,130		
Receivables, net of allowances for doubtful		,				
accounts of \$155 at April 1, 2006						
and \$144 at September 30, 2005		6,122		6,193		
Inventories		4,925		3,737		
Prepaid expenses and other current assets		1,206		915		
Total current assets		13,280		11,975		
Property, plant and equipment:						
At cost		9,698		9,593		
Less: accumulated depreciation and amortization		6,733		6,557		
Net property, plant and equipment		2,965		3,036		
Goodwill		1,435		1,435		
Total assets	\$	17,680	\$	16,446		
LIABILITIES AND STOCKHOLDERS'						
INVESTMENT						
Current liabilities:	ሰ	2.005	¢	2 500		
Accounts payable	\$	3,885	\$	2,599		
Dividend payable		96		95		
Accrued expenses		2,545		2,685		
Accrued and deferred taxes on income		257		445		
Total current liabilities		6,783		5,824		
Deferred taxes on income		33		33		
Commitments and contingencies						
Stockholders' investment						
Preferred stock, par value \$.10 per share - authorized - 1,000,000 shares;						
outstanding - none						
Common stock, par value \$.10 per share -		-		-		
authorized - 8,000,000 shares;						
outstanding 3,209,051 shares at April 1, 2006 and						
3,172,051 shares at						
September 30, 2005		321		317		
Premium paid in on common stock		4,216		4,310		
Retained earnings		6,703		6,394		
Unearned compensation on restricted stock		-		(180)		
Cumulative other comprehensive loss		(376)		(252)		
				()		

## Edgar Filing: TECH OPS SEVCON INC - Form 10-Q

Total stockholders' investment	10,864	10,589
Total liabilities and stockholders' investment	\$ 17,680	\$ 16,446

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

23

•

- 3 -

## Index

### CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Tech/Ops Sevcon, Inc. and Subsidiaries

	(ii	n thousands ex	cept p	er share data)				
	Three months ended			Six months ended				
	April 1, 2006		April 2, 2005		April 1, 2006		April 2, 2005	
Net sales	\$	8,562	\$	8,094	\$	16,383	\$	15,636
Costs and expenses:								
Cost of sales		5,245		4,968		10,019		9,668
Selling, research and								
administrative		2,755		2,841		5,558		5,663
		8,000		7,809		15,577		15,331
Operating income		562		285		806		305
Interest expense		(14)		(21)		(35)		(27)
Interest income		1		1				