

TECH OPS SEVCON INC  
Form 10-Q  
February 15, 2011

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended January 1, 2011

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  
(State or other jurisdiction of incorporation or organization)

04-2985631  
(I.R.S. Employer Identification No.)

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  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 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   
(Do not check if a smaller reporting company)

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

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

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

Class	Outstanding at February 15, 2011
Common stock, par value \$.10	3,360,322

---

TECH/OPS SEVCON, INC.  
FORM 10-Q  
FOR THE QUARTER ENDED JANUARY 1, 2011  
INDEX

	PAGE
<u>PART I - FINANCIAL INFORMATION</u>	3
<u>Item 1 Financial Statements</u>	3
<u>Consolidated Balance Sheets</u>	3
<u>Consolidated Statements of Operations</u>	4
<u>Consolidated Statements of Comprehensive Income</u>	4
<u>Consolidated Statements of Cash Flows</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
<u>Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
<u>Item 3 Quantitative and Qualitative Disclosures about Market Risk</u>	16
<u>Item 4 Controls and Procedures</u>	17
<u>PART II - OTHER INFORMATION</u>	17
<u>Item 1 Legal Proceedings</u>	17
<u>Item 1 A Risk Factors</u>	17
<u>Item 2 Unregistered Sales of Equity Securities and Use of Proceeds</u>	19
<u>Item 3 Defaults upon Senior Securities</u>	19
<u>Item 4 [Removed and reserved]</u>	19
<u>Item 5 Other Information</u>	19
<u>Item 6 Exhibits</u>	19
<u>SIGNATURES</u>	20
<u>INDEX OF EXHIBITS</u>	20

## PART I. FINANCIAL INFORMATION

## Item 1 Financial Statements

## CONSOLIDATED BALANCE SHEETS

Tech/Ops Sevcon, Inc. and Subsidiaries

	(in thousands of dollars except per share data)	
	January 1, 2011	September 30, 2010
	(unaudited)	(derived from audited statements)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$655	\$803
Trade receivables, net of allowances for doubtful accounts of \$42 at January 1, 2011 and \$53 at September 30, 2010	4,322	4,678
Other receivables	1,017	599
Inventories	5,894	5,048
Prepaid expenses and other current assets	1,225	1,410
Total current assets	13,113	12,538
Property, plant and equipment:		
At cost	11,516	11,326
Less: accumulated depreciation and amortization	8,297	8,232
Net property, plant and equipment	3,219	3,094
Long-term deferred tax assets	2,756	2,806
Goodwill	1,435	1,435
Other-long term assets	11	11
Total assets	\$20,534	\$19,884
<b>LIABILITIES AND STOCKHOLDERS' INVESTMENT</b>		
Current liabilities:		
Current debt	\$84	\$84
Accounts payable	4,429	3,717
Accrued expenses	1,613	1,591
Accrued taxes on income	-	40
Total current liabilities	6,126	5,432
Liability for pension benefits	8,124	8,203
Other long term liabilities	142	153
Total liabilities	14,392	13,788
Stockholders' equity:		
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 3,340,322 shares at January 1, 2011 and 3,340,322 shares at September 30, 2010	334	334
Premium paid in on common stock	5,168	5,132

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

Retained earnings	7,760	7,755
Accumulated other comprehensive loss	(7,120 )	(7,125 )
Total stockholders' equity	6,142	6,096
Total liabilities and stockholders' equity	\$20,534	\$19,884

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

- 3 -

---

INDEX

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

Tech/Ops Sevcon, Inc. and Subsidiaries

(in thousands of dollars except per share data)

	Three months ended	
	January 1, 2011	January 2, 2010
Net sales	\$6,883	\$6,361
Cost of sales	4,515	4,080
Gross profit	2,368	2,281
Selling, research and administrative expenses	2,335	2,120
Operating income	33	161
Interest expense	(31 )	(2 )
Interest income	-	26
Foreign currency gain	4	61
Income before income tax	6	246
Income tax provision	(1 )	(87 )
Net income	\$5	\$159
Basic income per share	\$.00	\$.05
Fully diluted income per share	\$.00	\$.05

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

Tech/Ops Sevcon, Inc. and Subsidiaries

(in thousands of dollars)