

SEVCON, INC.  
Form 10-Q  
February 16, 2016

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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 2, 2016

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

SEVCON, INC.  
(Exact name of registrant as specified in its charter)

Delaware 04-2985631  
(State or other jurisdiction of incorporation or organization) (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)

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

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 16, 2016
Common stock, par value \$.10	4,236,112

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## PART I. FINANCIAL INFORMATION

## Item 1 Financial Statements

## CONSOLIDATED BALANCE SHEETS

## Sevcon, Inc. and Subsidiaries

(in thousands of dollars except share and per share data)

	January 2, 2016 (unaudited)	September 30, 2015 (derived from audited statements)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,787	\$ 8,048
Trade receivables net of allowances for doubtful accounts of \$36 at January 2, 2016 and \$37 at September 30, 2015	7,881	8,995
Other receivables	819	467
Inventories	8,198	6,790
Deferred taxes	594	1,244
Prepaid expenses and other current assets	1,932	2,337
Total current assets	\$ 26,211	\$ 27,881
Property, plant and equipment, at cost:		
Land and improvements	21	21
Buildings and improvements	676	693
Equipment	11,540	11,485
	12,237	12,199
Less: accumulated depreciation	(9,522 )	(9,574 )
Net property, plant and equipment	2,715	2,625
Long-term deferred tax assets	3,765	3,232
Goodwill	1,435	1,435
Other long-term assets	451	443
Total assets	\$ 34,577	\$ 35,616
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Bank overdraft	172	-
Accounts payable	4,991	6,184
Current portion of long-term debt	1,000	-
Accrued expenses	1,772	1,973
Dividends payable	-	200
Total current liabilities	7,935	8,357
Liability for pension benefits	10,647	10,963
Long-term debt	-	500
Total liabilities	\$ 18,582	\$ 19,820
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, par value \$.10 per share – authorized – 1,000,000 shares; Outstanding – 452,124 shares at January 2, 2016 and September 30, 2015	45	45

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Common stock, par value \$.10 per share – authorized – 20,000,000 shares; Outstanding 3,706,412 shares at January 2, 2016 and 3,694,872 shares at September 30, 2015	371	369
Premium paid in on common stock	6,786	6,637
Premium paid in on preferred stock	9,058	9,058
Retained earnings	10,712	10,607
Accumulated other comprehensive loss	(11,023 )	(11,004 )
Total Sevcon, Inc. and subsidiaries stockholders' equity	15,949	15,712
Non-controlling interest	46	84
Total stockholders' equity	15,995	15,796
Total liabilities and stockholders' equity	\$ 34,577	\$ 35,616

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

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## CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Sevcon, Inc. and Subsidiaries

(in thousands of  
dollars except per  
share data)Three months  
endedJanuary January  
2, 3,  
2016 2015

Net sales	\$9,115	\$9,933
Cost of sales	(4,999)	(6,375)
Gross profit	4,116	3,558
Selling, general and administrative expenses	(2,760)	(2,493)
Research and development expenses	(860 )	(783 )
Acquisition costs	(316 )	-
Operating income	180	282
Interest expense	(22 )	(26 )
Interest income	8	5
Foreign currency (loss) gain	(71 )	44
Income before income tax	95	305
Income tax provision	(11 )	(40 )
Net income	84	265
Net loss attributable to non-controlling interests	38	17
Net income attributable to Sevcon, Inc. and subsidiaries	122	