

SEVCON, INC.
Form 10-Q
May 19, 2015

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 April 4, 2015

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 May 19, 2015
Common stock, par value \$.10	3,668,937



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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)

	April 4, 2015 (unaudited)	September 30, 2014 (derived from audited statements)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,645	\$ 11,238
Trade receivables, net of allowances for doubtful accounts of \$35 at April 4, 2015 and \$40 at September 30, 2014	7,042	6,694
Other receivables	193	183
Inventories	6,438	6,258
Prepaid expenses and other current assets	2,471	1,747
Total current assets	24,789	\$ 26,120
Property, plant and equipment, at cost:		
Land and improvements	21	23
Buildings and improvements	679	741
Equipment	10,597	10,918
	11,297	11,682
Less: accumulated depreciation	(9,096)	(9,577)
Net property, plant and equipment	2,201	2,105
Long-term deferred tax assets	2,912	3,910
Goodwill	1,435	1,435
Other-long term assets	401	397
Total assets	\$ 31,738	\$ 33,967
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long term debt	\$ 4	\$ 28
Accounts payable	4,361	4,405
Accrued expenses and other current liabilities	1,816	1,836
Accrued and deferred taxes on income	-	7
Total current liabilities	6,181	6,276
Liability for pension benefits	8,406	9,529
Long term debt	-	1,700
Total liabilities	\$ 14,587	\$ 17,505

Commitments and Contingencies (Note 14)

Stockholders' equity:

Preferred stock, par value \$.10 per share - authorized - 1,000,000 shares; Outstanding, 460,769 shares at April 4, 2015 and September 30, 2014	46	46
Common stock, par value \$.10 per share - authorized 20,000,000 shares at April 4, 2015 and 8,000,000 at September 30, 2014; outstanding, 3,668,937 shares at April 4, 2015 and	367	359

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3,588,958 at September 30, 2014

Premium paid in on common stock	6,193	6,040
Premium paid in on preferred stock	9,231	9,231
Retained earnings	10,547	9,495
Accumulated other comprehensive loss	(9,323)	(8,829)
Total Sevcon, Inc. and subsidiaries stockholders' equity	17,061	16,342
Non-controlling interest	90	120
Total stockholders' equity	17,151	16,462
Total liabilities and stockholders' equity	\$ 31,738	\$ 33,967

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 ended		Six months ended	
	April 4, 2015	March 29, 2014	April 4, 2015	March 29, 2014
Net sales	\$10,340	\$9,170	\$20,273	\$18,219
Cost of sales	(5,779)	(5,568)	(11,703)	(10,785)
Gross profit	4,561	3,602	8,570	7,434
Selling, general and administrative expenses	(2,586)	(2,323)	(5,079)	(4,515)
Research and development expenses	(1,301)	(1,083)	(2,535)	(2,013)
Operating income	674	196	956	906
Interest expense	(14)	(19)	(40)	(35)
Interest income	11	1	16	1
Foreign currency gain (loss)	235	(39)	279	