

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended September 30, 1995, 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 1-9789

TECH/OPS 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 Number)

ONE BEACON STREET, BOSTON, MASSACHUSETTS 02108

(Address of Principal Executive Offices and Zip Code)

Registrant's Area Code and Telephone Number (617) 523-2030

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)

(Name of Exchange on Which Registered)

COMMON STOCK, PAR VALUE \$.10 PER SHARE

AMERICAN STOCK EXCHANGE

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K.

As of November 20, 1995, 3,048,330 common shares were outstanding, and the aggregate market value of the common shares (based upon the closing price on the American Stock Exchange) held by non-affiliates was approximately \$25,200,000.

Documents incorporated by reference: Proxy Statement for Annual Meeting of Stockholders - January 31, 1996 - Items 10, 11, 12 and 13.

INDEX

(Information Required by Part II Item 8 and Part IV Item 14(a) of Form 10-K)

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Schedules other than the one referred to above have been omitted as] inapplicable or not required, or the information is included elsewhere in financial statements or the notes thereto.

PART I

Item 1. BUSINESS

General description

Tech/Ops Sevcon, Inc. ("Tech/Ops Sevcon", or the "Company"), is a Delaware corporation organized on December 22, 1987 to carry on the electronic controller business previously performed by Tech/Ops, Inc. (Tech/Ops). Through wholly-owned subsidiaries located in the United States, England, and France, the Company designs, manufactures, sells, and services, under the Sevcon name, solid-state products which control motor speed and acceleration for battery powered electric vehicles in a number of applications, primarily electric fork lift trucks, aerial lifts and underground coal-mining equipment. Through another subsidiary located in the United Kingdom, Tech/Ops Sevcon manufactures special metalized film capacitors for electronics applications.

Marketing and sales

Sales are made primarily through a small full-time marketing staff. Sales in the United States were \$8,685,000, \$6,116,000 and \$5,020,000, in 1995, 1994 and 1993, respectively, which accounted for approximately 39%, 39%, and 34%, respectively, of total sales. Approximately 49% of controller sales are made to 8 manufacturers of such equipment in Europe and the United States.

Patents

The Company believes that its business is not dependent on patent

protection. Rather, it is primarily dependent upon the Company's technical competence, the quality of its products, and its prompt and responsive service performance. However, the rights to inventions of employees working for Tech/Ops Sevcon are assigned to the Company.

Backlog

Tech/Ops Sevcon's backlog at September 30, 1995 was \$3,391,000 compared to \$2,429,000 in September 1994, and \$1,495,000 in September 1993. Backlog increased by \$962,000, or 40%, during fiscal 1995. The increase in backlog was mainly due to higher current business levels.

Raw Materials

Tech/Ops Sevcon's products require a wide variety of components and materials. The Company has many sources for most of such components and materials and produces certain of these items internally. During fiscal 1995, when volumes increased sharply, certain component manufacturers significantly increased prices and extended their lead times. The Company has taken action to mitigate the effect of these cost increases, and believes that its sources and availability of its raw materials are adequate.

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Competition

In the United States, the Company competes primarily with a division of the General Electric Company, which has a significant share of the market. Overseas, Tech/Ops Sevcon has several international competitors, including General Electric Company, as well as a number of small competitors that operate only in local markets. In addition, several large manufacturers of fork lift trucks make their own controllers, although their product is generally for internal use only. The Company believes that it is one of the largest independent suppliers of such devices outside of the United States.

Research and development

Tech/Ops Sevcon's technological expertise has been an important factor in its growth. The Company regularly pursues product improvements to maintain its technical position. Research and development expenditure amounted to \$1,381,000 in 1995 compared to \$1,096,000 in 1994 and \$895,000 in 1993. Expenditure increased by 26% in 1995 and 22% in 1994.

Environmental regulations

The Company complies, to the best of its knowledge, with federal, state and local provisions which have been enacted or adopted regulating the discharge of materials into the environment or otherwise protecting the environment. This compliance has not had, nor is it expected to have, a material effect on the capital expenditures, earnings, or competitive position of Tech/Ops Sevcon.

Employees and labor relations

As of September 30, 1995, the Company employed 248 full-time employees, of whom 30 were in the United States, 210 were in the United Kingdom, 6 were in France, 1 was in Japan, and 1 was in Korea. Tech/Ops Sevcon believes its relations with its employees are good.

ITEM 2. PROPERTIES

A subsidiary of the Company leases approximately 12,000 square feet in Burlington, Massachusetts, under a lease expiring in 1998, with two five-year options thereafter. The building is used for the manufacture of electronic controllers, together with sales and service offices. The United Kingdom electronic controller business of Tech/Ops Sevcon is carried on in a building owned by it located in Gateshead, England, containing 40,000 square feet of space. The land on which this building stands is held on a lease expiring in 2068. 5,000 square feet of space is also rented near Paris, France under a lease expiring in 1997. The capacitor subsidiary of the Company owns a 9,000 square foot building, built in 1981, in Wrexham, Wales.

The properties and equipment of the Company are in good condition and, in the opinion of the management, are suitable and adequate for the Company's operations.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings, but believes that these matters will be resolved without a material effect on its financial position.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED STOCKHOLDER MATTERS

The Common Stock of the Company is traded on the American Stock Exchange under the symbol TO. A summary of the market prices of the Company's common stock is shown in the table below. All prices have been restated to reflect a two-for-one stock split effective August 28, 1995. At November 20, 1995, there were approximately 600 shareholders of record.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year
1995					
High	8.50	7.94	14.63	15.50	15.50
Low	6.75	7.13	7.13	11.88	6.75
Dividend	\$.10	\$.10	\$.10	\$.125	\$.425
1994					
High	5.50	5.25	8.00	8.31	8.31
Low	4.88	4.44	4.50	5.88	4.44
Dividend	\$.0625	\$.0625	\$.0625	\$.10	\$.2875

ITEM 6. SELECTED FINANCIAL DATA

For the five years ended September 30:	(in 000's except per share data)				
	1995	1994	1993	1992	1991
	----	----	----	----	----
Net sales	\$22,431	\$15,835	\$14,635	\$17,587	\$17,528
Operating income	3,695	1,985	1,445	2,102	2,389
Net income	2,580	1,350	1,076	1,546	1,653
Income per share (a)	\$.81	\$.44	\$.34	\$.48	\$.47
Dividends per share (a) (b)	.425	.288	.25	.175	.15
Average shares outstanding (a)	3,171	3,102	3,194	3,232	3,448
Total assets	\$12,981	\$10,595	\$ 9,043	\$10,436	\$10,356

(a) Restated to reflect two for one stock split effective August 28, 1995.

(b) In September 1995, the Company increased its regular quarterly dividend from \$.10 per share to \$.125 per share. In September 1994, the dividend was raised, on a restated basis, from \$.0625 per share to \$.10 per share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Average shares outstanding, income per share and dividends per share have all been restated to reflect the two-for-one stock split effective August 28, 1995.

A) Results of Operations

1995 compared to 1994

Sales increased by \$6,596,000, or 42%, to \$22,431,000. This sales increase arose from improved worldwide market conditions, the expansion of sales to

the aerial lift industry and new business gains. Sales in the USA increased by \$2,529,000, or 42%. In other markets, mainly Europe and the Far East, which accounted for 61% of sales, there was a 41% sales increase. Currency fluctuations did not have a significant impact on sales in 1995. The effect of price increases on fiscal 1995 sales was less than 2%. However, increased material costs late in the fiscal year have resulted in the Company increasing its selling prices, applicable mainly to the next fiscal year.

Gross profit was 42% of sales in both 1995 and 1994. As a result of increased volumes, gross profit was \$2,616,000 higher than last year. Selling, general and administrative expenses increased by \$906,000, or 19%, in 1995. Within this, spending on research and development increased by 26% to \$1,381,000. Operating income increased by \$1,710,000, or 86%, to \$3,695,000. This increase was due to both higher sales and control of operating expense levels.

Income before income taxes in 1995 was \$3,764,000, an increase of 86%. Income taxes were 31% of pre-tax income compared to 33% last year. The decrease in the average tax rate was mainly because a greater proportion of the Company's profits were earned in foreign countries which have lower tax rates than the USA. Net income increased by \$1,230,000, or 91%, to \$2,580,000. Income per share was \$.81 compared to \$.44 last year, an increase of 84%. Average shares outstanding increased by 2% mainly as a result of stock options.

1994 compared to 1993

Sales increased by 8% in 1994 to \$15,835,000. Sales in the second half year of 1994 were 15% higher than the first six months and 33% ahead of the same period of 1993. Volumes in the USA increased by 22%. In other markets, which accounted for 60% of sales, volumes increased by 1%. Currency fluctuations did not have a significant impact on sales in 1994. Selling price increases were less than 2%.

Gross profit was 42% of sales in 1994 compared to 39% in 1993. Higher margins on new business gained in 1994 and better manufacturing efficiency contributed to the increase in gross profit. Research and development spending increased by 22% in 1994 to \$1,096,000, or 6.9% of sales. Operating income was \$1,985,000, an increase of \$540,000, or 37%, compared to the prior year. This increase was due to both greater volumes and improved efficiency.

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Income before income taxes was \$2,010,000 compared to \$1,556,000 in 1993, an increase of 29%. Income taxes were 33% of pre-tax income compared to 31% in 1993, mainly due to lower foreign tax credits. Net income was \$1,350,000, an increase of \$274,000, or 25%, compared to 1993. Income per share was \$.44 compared to \$.34 in fiscal 1993, an increase of 30%. Average shares outstanding were 3% lower than 1993 as a result of stock repurchases late in fiscal 1993.

Fourth quarter results

Sales in the fourth quarter of 1995 were \$5,315,000, an increase of 29% compared to the same quarter last year. Sales were 14% lower than the third quarter of 1995 because of the traditional summer shutdowns at many of our customers. Gross profit as a percentage of sales was lower than normal at 40% compared to 44% last year, and the average gross profit level of 42% for both fiscal 1995 and 1994. This decrease was mainly due to increased material costs which were not reflected in selling prices during the fourth quarter. Gross profit was \$339,000 higher than last year.

Selling, general and administrative expenses were \$235,000, or 20%, higher than last year. This increase was in line with the year-to-year increase in annual operating expenses. As a result, operating income was \$730,000 compared to \$626,000 last year, an increase of \$104,000, or 17%. Net income was \$501,000, or \$.16 per share, compared to \$423,000, or \$.14 per share, last year.

B) Liquidity and capital resources

Cash balances increased by \$356,000 during 1995 to \$2,692,000. Dividends paid during fiscal 1995 amounted to \$1,219,000. Operating activities generated \$1,995,000 and \$407,000 was spent on capital equipment. The increase in receivables reflected business levels in the fourth quarter. Inventories increased by \$1,194,000, or 67%, due to both the 42% increase in annual sales and to selective increases in inventory levels to cover for extended lead times of certain key components. Payables increased by \$732,000, or 58%, mainly due to the higher level of inventories.

The Company has, since January 1990, maintained a program of regular cash dividends. The regular quarterly cash dividend, which currently amounts to \$387,000 per quarter, was increased in September 1995 by 25% to \$.125 per quarter. Tech/Ops Sevcon's resources, in the opinion of management, are adequate for projected operations and capital spending programs, as well as continuation of the cash dividend.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

CONSOLIDATED BALANCE SHEETS
TECH/OPS SEVCON, INC. AND SUBSIDIARIES

September 30, 1995 and 1994 (in thousands of dollars)

ASSETS	1995	1994
Current assets:		
Cash and cash equivalents	\$ 2,692	\$ 2,336
Receivables, net of allowances for doubtful accounts of \$153,000 in 1995 and \$166,000 in 1994	4,487	3,789
Inventories	2,963	1,769
Total current assets	10,142	7,894
Property, plant and equipment, at cost:		
Land and improvements	22	22
Buildings and improvements	716	708
Equipment	3,275	3,148
	4,013	3,878
Less: accumulated depreciation and amortization	2,664	2,721
Net property, plant and equipment	1,349	1,157
Cost of purchased businesses in excess of net assets acquired	1,435	1,435
Other assets	55	109
TOTAL ASSETS	\$12,981	\$10,595

LIABILITIES AND STOCKHOLDERS' INVESTMENT

Current liabilities:		
Accounts payable	\$ 2,019	\$ 1,287
Dividend payable	387	305
Accrued compensation and related costs	738	575
Other accrued expenses	1,111	1,393
Accrued and deferred taxes on income	423	282

Total current liabilities	4,678	3,842

Deferred taxes on income	178	185

Commitments and contingencies (note 4)		

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STOCKHOLDERS' INVESTMENT

>		
Preferred stock, par value \$.10 per share		
- authorized - 1,000,000 shares; outstanding - none	-	-
Common stock, par value \$.10 per share		
- authorized - 4,000,000 shares; outstanding 3,097,523		
in 1995 and 3,045,202 in 1994	310	305
Premium paid in on common stock	3,383	2,987
Retained earnings	4,926	3,855
Cumulative translation adjustment	(494)	(579)

Total stockholders' investment	\$ 8,125	\$ 6,568

TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT	\$12,981	\$10,595

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

CONSOLIDATED STATEMENTS OF INCOME
TECH/OPS SEVCON, INC. AND SUBSIDIARIES

For the Years ended September 30, 1995, 1994 and 1993 (in thousands except per share data)

	1995	1994	1993

Net sales	\$22,431	\$15,835	\$14,635

Costs and expenses:			
Cost of sales	13,116	9,136	8,940
Selling, general and administrative	5,620	4,714	4,250

	18,736	13,850	13,190

Operating income	3,695	1,985	1,445
Interest income	70	40	57
Other income (expense), net	(1)	(15)	54

Income before income taxes	3,764	2,010	1,556
Income taxes	(1,184)	(660)	(480)

Net income	\$ 2,580	\$ 1,350	\$ 1,076

Income per share (a)	\$.81	\$.44	\$.34

Average common and common equivalent shares outstanding (a)	3,171	3,102	3,195

(a) Restated to reflect two-for-one stock split effective August 28, 1995.

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

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CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT
TECH/OPS SEVCON, INC. AND SUBSIDIARIES

For the Years ended September 30, 1993, 1994 and 1995 (in thousands of

dollars)

	Common stock (a)	Premium paid in on common stock (a)	Retained earnings	Cumulative translation adjustment	Total stockholders' investment
Balance Sept. 30, 1992	\$301	\$2,826	\$3,314	\$(8)	\$6,433
Net income	-	-	1,076	-	1,076
Dividends (\$.25 per share)	-	-	(778)	-	(778)
Currency translation adjustment	-	-	-	(722)	(722)
Exercise of stock options	14	259	-	-	273
Purchase and retirement of common stock	(10)	(198)	(226)	-	(434)
Balance Sept. 30, 1993	305	2,887	3,386	(730)	5,848
Net Income	-	-	1,350	-	1,350
Dividends (\$.2875 per share)	-	-	(875)	-	(875)
Currency translation adjustment	-	-	-	151	151
Tax benefit on exercise of stock options	-	96	-	-	96
Exercise of stock options	-	4	(6)	-	(2)
Balance Sept. 30, 1994	305	2,987	3,855	(579)	6,568
Net income	-	-	2,580	-	2,580
Dividends (\$.425 per share)	-	-	(1,301)	-	(1,301)
Currency translation adjustment	-	-	-	85	85
Tax benefit on exercise of stock options	-	257	-	-	257
Exercise of stock options	5	139	(208)	-	(64)
Balance Sept. 30, 1995	\$ 310	\$3,383	\$4,926	\$(494)	\$8,125

(a) Restated to reflect two-for-one stock split effective August 28, 1995 and change in par value effective January 27, 1993.

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

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CONSOLIDATED STATEMENT OF CASH FLOWS
TECH/OPS SEVCON, INC. AND SUBSIDIARIES

For the Years ended September 30, 1995, 1994 and 1993 (in thousands of dollars)

	1995	1994	1993
Net cash flow from operating activities:			
Net income	\$2,580	\$1,350	\$1,076
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	249	241	240
Deferred tax provision	(7)	8	(26)
Increase (decrease) in cash resulting from changes in operating assets and liabilities:			
Receivables	(698)	(1,096)	1,142
Inventories	(1,194)	(74)	556
Accounts payable	732	251	(502)
Accrued compensation and expenses	(119)	348	(404)
Accrued and deferred taxes on income	398	206	121

Other assets	54	42	15
Net cash generated from operating activities	1,995	1,276	2,218
Cash flow used by investing activities:			
Acquisition of property, plant and equipment	(407)	(267)	(141)
Cash flow used by financing activities:			
Purchase of common stock	(379)	(10)	(434)
Exercise of stock options	315	8	273
Dividends paid	(1,219)	(760)	(775)
Net cash used by financing activities	(1,283)	(762)	(936)
Effect of exchange rate changes on cash	51	116	(487)
Net increase in cash	356	363	654
Beginning balance - cash and cash equivalents	2,336	1,973	1,319
Ending balance - cash and cash equivalents	\$2,692	\$2,336	\$1,973
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	\$ 773	\$ 317	\$ 552
Supplemental disclosure of non-cash financing activity:			
Dividend declared	\$ 387	\$ 305	\$ 190

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
TECH/OPS SEVCON, INC. AND SUBSIDIARIES

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation

The accompanying consolidated financial statements include the accounts of Tech/Ops Sevcon, Inc. (Tech/Ops Sevcon), Sevcon, Inc., Sevcon Limited and subsidiaries, and Sevcon SA. All material intercompany transactions have been eliminated.

The amount by which the cost of purchased businesses included in the accompanying financial statements exceeded the fair value of net assets at the date of acquisition has been charged to "Cost of purchased businesses in excess of net assets acquired". The Company assesses the carrying value of this asset whenever events or changes in circumstances indicate that this value has diminished. The Company considers the future profitability of the business in assessing the value of this asset. The excess related to acquisitions initiated prior to November 1, 1970 (\$1,435,000) is not being amortized, since in the opinion of management there has been no diminution in the value of the excess related to these acquisitions. The excess related to subsequent acquisitions has been fully amortized.

B. Research and development

The cost of research and development programs is charged against income as incurred and amounted to approximately \$1,381,000 in 1995, \$1,096,000 in 1994 and \$895,000 in 1993.

C. Depreciation and maintenance

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, which are primarily fifty years for buildings and seven years for equipment. Maintenance and repairs are charged to expense and renewals and betterments are capitalized.

D. Inventories

Inventories are priced at the lower of cost or market. Inventory costs include materials, direct labor and manufacturing overhead, are relieved from inventory on a first-in, first-out basis and comprised of:

(in thousands of dollars)

	1995	1994
Raw materials	\$1,643	\$ 950
Work-in-process	779	516
Finished goods	541	303
	\$2,963	\$1,769

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E. Income taxes

Tech/Ops Sevcon files tax returns in the respective countries in which it operates. The Company accounts for income taxes in accordance with Financial Accounting Standards Board Statement #109 (FAS 109). Under FAS 109, the financial statements reflect the current and deferred tax consequences of all events recognized in the financial statements or tax returns.

F. Translation of foreign currencies

Tech/Ops Sevcon translates the assets and liabilities of its foreign subsidiaries at the current rate of exchange, and income statement accounts at the average exchange rates in effect during the period. Gains or losses from foreign currency translation are credited or charged to cumulative translation adjustment included in stockholders' investment in the balance sheet. Foreign currency transaction gains and losses are included in costs and expenses.

G. Cash equivalents

The Company considers all highly liquid investments with a maturity of 90 days or less to be cash equivalents. Such investments are generally money market funds, bank certificates of deposit, US Treasury bills and short-term bank deposits in Europe.

(2) INCOME TAXES

The domestic and foreign components of income before income taxes are as follows:

(in thousands of dollars)

	1995	1994	1993
Domestic	\$1,028	\$ 824	\$ 353
Foreign	2,736	1,186	1,203
	\$3,764	\$2,010	\$1,556

The components of the provision for income taxes for the years ended September 30, 1995, 1994 and 1993 are as follows:

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(in thousands of dollars)

1995	Current	Deferred	Total
Federal	\$ 221	\$ -	\$ 221
State	102	-	102

Foreign	854	7	861
	\$1,177	\$ 7	\$1,184

1994	Current	Deferred	Total
Federal	\$ 103	\$ -	\$ 103
State	95	-	95
Foreign	454	8	462
	\$ 652	\$ 8	\$ 660

1993	Current	Deferred	Total
Federal	\$ 35	\$ -	\$ 35
State	44	-	44
Foreign	427	(26)	401
	\$ 506	\$ (26)	\$ 480

The provision for income taxes in each period differs from that which would be computed by applying the statutory US Federal income tax rate to the income before income taxes. The following is a summary of the major items affecting the provision:

(in thousands of dollars)			
	1995	1994	1993
Statutory Federal income tax rate	34%	34%	34%
Computed tax provision at statutory rate	\$1,280	\$ 683	\$ 529
Increases (decreases) resulting from:			
Foreign tax rate differentials	(1)	(9)	(5)
Foreign tax credits and other	(95)	(14)	(44)
Income tax provision in the Statement of Income	\$1,184	\$ 660	\$ 480

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Deferred income taxes result from temporary differences in reporting transactions for financial reporting and tax purposes. The significant items comprising the domestic and foreign deferred tax accounts at September 30, 1995 and 1994 are as follows:

(in thousands of dollars)			
1995			
	Domestic current	Foreign current	Foreign long-term
Assets:			
Pension accruals	\$ 149	\$ -	\$ -
Inventory basis differences	40	-	-
Warranty reserves	60	-	-
Other (net)	51	26	-
	300	26	-
Liabilities:			

Prepaid pension	-	(66)	-
Property basis differences	-	-	(178)

Net asset (liability)	300	(40)	(178)
Valuation allowance	(300)	-	-

Net deferred tax asset (liability)	\$ -	\$ (40)	\$ (178)

1994			

	Domestic current	Foreign current	Foreign long-term

Assets:			
Pension accruals	\$ 119	\$ -	\$ -
Inventory basis differences	36	-	-
Warranty reserves	48	-	-
Other (net)	102	32	-

	305	32	-
Liabilities:			
Prepaid pension	-	(64)	-
Property basis differences	-	-	(185)

Net asset (liability)	305	(32)	(185)
Valuation allowance	(305)	-	-

Net deferred tax asset liability)	\$ -	\$ (32)	\$ (185)

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(3) CAPITAL STOCK

All references to shares of common stock have been restated to reflect a two-for-one stock split, in the form of a stock dividend, effective August 28, 1995 and the change in par value effective January 27, 1993.

Tech/Ops Sevcon, Inc. has two classes of capital stock, preferred and common. There are authorized 1,000,000 shares of preferred stock, \$.10 par value, and 4,000,000 shares of common stock, \$.10 par value.

There are 171,952 shares reserved under the Company's Key Employee Stock Bonus and Option Plan. Recipients of grants or options must execute a standard form of non-competition agreement. Options granted are exercisable over a ten year period at a price not less than fair market value on the date of grant. This plan also provides for the grant of stock appreciation rights, either separately, or in relation to options granted, and for the grant of bonus shares. No stock appreciation rights or bonus shares have been granted. Option transactions under the plan for the three years ended September 30, 1995 were as follows:

	Shares under option	Price range
Outstanding at September 30, 1992	370,800	\$1.81-\$4.97
Exercised in 1993	(145,000)	\$1.81-\$4.09

Outstanding at September 30, 1993	225,800	\$1.88-\$4.97
Exercised in 1994	(1,750)	\$4.97

Outstanding at September 30, 1994	224,050	\$1.88-\$4.97
Exercised in 1995	(81,098)	\$1.88-\$4.97

Outstanding at September 30, 1995	142,952	\$3.31-\$4.97
Exercisable at September 30, 1995	107,702	\$3.31-\$4.97

In the year ended September 30, 1993, the Company purchased and retired 95,022 shares of common stock (restated for the two-for-one split in August

1995) at a total cost of \$434,000. No such shares were purchased in 1994 or 1995. In accordance with provision of the Company stock option plan, the Company repurchased from employees 1,336 shares in 1994 and 28,777 shares in 1995.

(4) COMMITMENTS AND CONTINGENCIES

Tech/Ops Sevcon is involved in various legal proceedings but believes that it is only remotely likely that the outcome will be material to operations.

Tech/Ops Sevcon has entered into an agreement with its President which provides that, in the event of termination of employment, within two years after a change in control of Tech/Ops Sevcon not approved by the Board of Directors, such officer would receive benefits of up to an amount

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approximating twice annual compensation (as defined). In addition, the Company has entered into agreements with six senior employees which provide that, in the event of a change in control of Tech/Ops Sevcon, such employees would be entitled to continuation of their compensation for periods of up to 30 months.

Tech/Ops Sevcon has entered into a consulting agreement, which expires on December 31, 1996, with a company owned by two of its directors. Under the terms of the agreement, the annual cost of these services will not exceed \$100,000. This cost covers the provision of the corporate office of the Company, administrative support services and a payment of \$30,000 per year to Mr. Rosenberg.

In connection with the transfer in 1988 of the electronic controller business from Tech/Ops, Inc. (Tech/Ops), the former parent company, Tech/Ops Sevcon entered into a Liability Assumption and Sharing Agreement with Tech/Ops and another former subsidiary of Tech/Ops. Liabilities incurred and expensed in connection with this agreement have not been significant.

The Company maintains a directors' retirement plan which provides for certain retirement benefits to non-employee directors. While the cost of the plan has been fully charged to expense, the plan is not separately funded. The maximum liability based on the cost of buying deferred annuities at September 30, 1995 was \$195,000.

Minimum rental commitments under all non-cancelable leases are as follows for the years ended September 30: 1996 - \$178,000; 1997 - \$63,000; 1998 - \$63,000; 1999 - \$63,000; 2000 - \$63,000 and \$1,344,000 thereafter. Net rentals of certain land, buildings and equipment charged to expense were \$177,000 in 1995, \$170,000 in 1994, and \$162,000 in 1993.

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(5) EMPLOYEE BENEFIT PLANS

Tech/Ops Sevcon has defined benefit plans covering the majority of its US and UK employees. There is also a small defined contribution plan. The following table sets forth the funded status of these defined benefit plans and the amounts recognized by Tech/Ops Sevcon in accordance with SFAS #87.

(in thousands of dollars)

	1995	1994
Actuarial present value of benefit obligations:		
Vested benefits	\$4,407	\$3,708
Nonvested benefits	9	5
Accumulated benefit obligation	4,416	3,713
Effect of projected future compensation levels	614	531

Projected benefit obligation	5,030	4,244
Plan assets at fair value	5,589	5,073

Plan assets in excess of projected benefit obligation	559	829
Unrecognized net gain	(110)	(122)
Unrecognized transition amount	(342)	(629)

Prepaid pension cost	\$ 107	\$ 78

The Tech/Ops Sevcon net pension cost included the following components as defined by SFAS #87.

(in thousands of dollars)			
	1995	1994	1993
Service costs/benefits earned during the period	\$ 239	\$ 204	\$ 195
Interest cost on projected benefit obligation	343	293	257
Actual return on plan assets	(462)	(293)	(342)
Net amortization and deferred items	18	(124)	(68)

Net pension cost calculated in accordance with SFAS #87	\$ 138	\$ 80	\$ 42

Net cost of defined contribution plans	\$ 24	\$ 19	\$ 20

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Plan assets include marketable equity securities, corporate and government debt securities, deferred annuities, cash and other short-term investments. The average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.9% and 5.9%, respectively, and the expected long-term rate of return on assets was 8.0% in 1995, 1994 and 1993.

(6) SEGMENT INFORMATION AND FOREIGN OPERATIONS

Tech/Ops Sevcon's largest customer accounted for 10% of sales in 1995, 12% in 1994, and 11% in 1993.

Domestic and foreign revenues are composed of sales to unaffiliated customers, with intercompany sales eliminated. Pretax net income for US and foreign segments is stated before unallocated corporate expense.

(in thousands of dollars)				
		Net Sales	Pretax Income	Identifiable Assets

Geographic Segments				

US	1995	\$ 8,685	\$ 1,562	\$ 4,104
	1994	6,116	997	3,481
	1993	5,020	516	1,957

Foreign	1995	13,746	2,735	8,877
	1994	9,719	1,186	7,114
	1993	9,615	1,203	7,086

Sub-total	1995	22,431	4,297	12,981
	1994	15,835	2,183	10,595
	1993	14,635	1,719	9,043

Unallocated	1995	-	(533)	-
corporate	1994	-	(173)	-
expense	1993	-	(163)	-

Total	1995	\$22,431	\$ 3,764	\$12,981
	1994	15,835	2,010	10,595
	1993	14,635	1,556	9,043

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Tech/Ops Sevcon, Inc.:

We have audited the accompanying consolidated balance sheets of Tech/Ops Sevcon, Inc. (a Delaware Corporation) as of September 30, 1995 and 1994, and the related consolidated statements of income, stockholders' investment, and cash flows for each of the three years in the period ended September 30, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tech/Ops Sevcon, Inc. as of September 30, 1995 and 1994, and the results of its operations and cash flows for each of the three years in the period ended September 30, 1995 in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index of financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP
Boston, Massachusetts
November 7, 1995

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Name of Officer	Age	Position
-----------------	-----	----------

Bernard F. Start	57	President and Chief Executive Officer
Paul A. McPartlin	50	Vice President & Chief Financial Officer
Paul B. Rosenberg	63	Treasurer

All officers have served in their present positions since the inception of the Company on December 22, 1987, except for Mr. McPartlin who was appointed Vice President and Chief Financial Officer on November 7, 1990. Mr. Start was Managing Director of the electronic controller business of the Company's predecessor, Tech/Ops, Inc., since 1977 before becoming President of the Company. Mr. McPartlin has been the Financial Director of the Company's UK operations for more than five years. Mr. Rosenberg is President and CEO of Tech/Ops Corporation, and was Vice President - Finance and Administration and Treasurer of Tech/Ops, Inc. for more than five years.

There are no family relationships between any director or executive officer and any other director or executive officer of the Company.

This information is incorporated by reference from the information under the caption "Election of Directors" in the Company's Proxy Statement relating to the 1996 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

This information is incorporated by reference from the information under the captions "Election of Directors - Director Compensation" and "Executive Compensation" in the Company's Proxy Statement relating to the 1996 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

This information is incorporated by reference from the information under the caption "Share Ownership" in the Company's Proxy Statement relating to the 1996 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

This information is incorporated by reference from the information under the caption "Election of Directors" in the Company's Proxy Statement relating to the 1996 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K.

(a) Exhibits

The exhibits filed as part of this Form 10-K are listed on the Exhibit Index below.

(b) Financial statements and schedule

The financial statements and financial statement schedule listed in the index on page 5 are filed as part of this Annual Report on Form 10-K.

(c) Form 8-K

None filed during the quarter ended September 30, 1995.

INDEX TO EXHIBITS

(a) Exhibits [Management Contracts, Compensation Plans and Arrangements are identified by an asterisk (*)]

(3) (a) Certificate of Incorporation of the registrant (incorporated by reference to Exhibit (3) (a) to Annual Report for the fiscal year ended September 30, 1994).

- (3) (b) By-laws of the registrant (incorporated by reference to Exhibit (3) (b) to Annual Report for the fiscal year ended September 30, 1994).
- (4) (a) Specimen common stock of registrant (incorporated by reference to Exhibit (4) (a) to Annual Report for the fiscal year ended September 30, 1994).
- (10) (a) *Tech/Ops Sevcon, Inc. Key Employee Stock Option and Bonus Plan (incorporated by reference to Exhibit (10) (a) to Annual Report for the fiscal year ended September 30, 1994).
- (10) (b) *Severance Agreement dated December 22, 1987 between Bernard F. Start and the registrant (incorporated by reference to Exhibit (10) (b) to Annual Report for the fiscal year ended September 30, 1994).
- (10) (c) *Corporate Services Agreement dated September 22, 1994 between Tech/Ops Corporation and the registrant (incorporated by reference to Exhibit (10) (c) to Annual Report for the fiscal year ended September 30, 1994).
- (10) (d) Liability Assumption and Sharing Agreement dated January 4, 1988 among Tech/Ops, Inc., Tech/Ops Landauer, Inc., and the registrant (incorporated by reference to Exhibit (10) (d) to Annual Report for the fiscal year ended September 30, 1994).

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- (10) (e) *Form of Indemnification Agreement dated January 4, 1988 between the registrant and each of its directors (incorporated by reference to Exhibit (10) (e) to Annual Report for the fiscal year ended September 30, 1994).
- (10) (f) *Directors' retirement plan (incorporated by reference to Exhibit (10) (f) to Annual Report for the fiscal year ended September 30, 1990).
- (11) Calculation of earnings per share and weighted average shares outstanding.
- (22) Subsidiaries of the registrant (incorporated by reference to Exhibit (22) to Annual Report for the fiscal year ended September 30, 1993).
- (27) Financial Data Schedule (EDGAR Filing only).

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TECH/OPS SEVCON, INC.

By /s/ Bernard F. Start December 12, 1995

Bernard F. Start
President and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

SIGNATURE	TITLE	DATE
/s/ Bernard F. Start ----- Bernard F. Start	President, Chief Executive Officer and Director (Principal Executive Officer)	December 12, 1995
/s/ Paul A. McPartlin ----- Paul A. McPartlin	Vice President & Chief Financial Officer (Principal Financial and Accounting Officer)	December 12, 1995
/s/ Milton C. Lauenstein ----- Milton C. Lauenstein	Director	December 12, 1995
/s/ Harold C. Mayer, Jr. ----- Harold C. Mayer, Jr.	Director	December 12, 1995
/s/ Paul B. Rosenberg ----- Paul B. Rosenberg	Director	December 12, 1995
/s/ Herbert Roth, Jr. ----- Herbert Roth, Jr.	Director	December 12, 1995
/s/ Marvin G. Schorr ----- Marvin G. Schorr	Director	December 12, 1995
/s/ C. Vincent Vappi ----- C. Vincent Vappi	Director	December 12, 1995

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QUARTERLY FINANCIAL DATA (UNAUDITED)
TECH/OPS SEVCON, INC. AND SUBSIDIARIES

Selected quarterly financial data for fiscal years 1995 and 1994 is set out below:

(in thousands except per share data)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total Year

1995 Quarters					

Net sales	\$ 4,774	\$ 6,165	\$ 6,177	\$ 5,315	\$22,431
Gross profit	1,962	2,577	2,626	2,150	9,315
Operating income	772	1,089	1,104	730	3,695
Net income	553	777	749	501	2,580

Net income per share (a)	\$.18	\$.25	\$.24	\$.16	\$.81
Average shares (a)	3,138	3,138	3,180	3,198	3,171
Cash dividends per share (a)	\$.10	\$.10	\$.10	\$.125	\$.425
Common stock price per share (a)					
- High	\$ 8.50	\$ 7.94	\$ 14.63	\$ 15.50	\$ 15.50
- Low	6.75	7.13	7.13	11.88	6.75
1994 Quarters					
Net sales	\$ 3,431	\$ 3,935	\$ 4,358	\$ 4,111	\$ 15,835
Gross profit	1,358	1,682	1,848	1,811	6,699
Operating income	242	463	654	626	1,985
Net income	169	309	449	423	1,350
Net income per share (a)	\$.05	\$.10	\$.14	\$.14	\$.44
Average shares (a)	3,082	3,068	3,116	3,128	3,102
Cash dividends per share (a)	\$.0625	\$.0625	\$.0625	\$.10	\$.2875
Common stock price per share (a)					
- High	\$ 5.50	\$ 5.25	\$ 8.00	\$ 8.31	\$ 8.31
- Low	4.88	4.44	4.50	5.88	4.44

(a) Restated to reflect a two-for-one stock split effective August 28, 1995.

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TECH/OPS SEVCON, INC. AND SUBSIDIARIES

SCHEDULE II

Reserves for the three years ended September 30, 1995

(in thousands of dollars)

	Balance at Beginning of Year	Additions Charged to Costs & Expenses	Deductions from Reserves	Balance at Close of Year
For the year ended September 30, 1995:				
Allowance for doubtful accounts	\$ 166	\$ 16	\$ (29) (a)	\$ 153
For the year ended September 30, 1994:				
Allowance for doubtful accounts	\$ 192	\$ 10	\$ (36) (b)	\$ 166
For the year ended September 30, 1993:				
Allowance for doubtful accounts	\$ 188	\$ 34	\$ (30) (c)	\$ 192

(a) Accounts collected \$29

(b) Write-off of uncollectible accounts \$16; accounts collected \$20

(c) Currency translation effect

TECH/OPS SEVCON, INC.

EXHIBIT 11

Calculation of Earnings Per Share and Weighted Average Shares Outstanding
(In thousands, except for per share amounts)

Period ended	Quarters ended				Fiscal
	12/31/94	3/31/95	6/30/95	9/30/95	1995
Net income	\$ 553	\$ 777	\$ 749	\$ 501	\$2,580
Weighted average shrs outstanding	3,138	3,138	3,180	3,198	3,171
Net income per share	\$.18	\$.25	\$.24	\$.15	\$.81
Shares outstanding - beginning	3,045	3,045	3,045	3,046	3,045
Weighted average - option exercises	0	0	1	12	3
Weighted average shares outstanding	3,045	3,045	3,046	3,058	3,048
Effect of outstanding options on primary EPS using average market price for the period					
a. # of options less than					
Average market price	224	224	222	208	219
b. \$ value of options	\$ 973	\$ 973	\$ 962	\$ 901	\$ 952
c. Average market price of stock	\$ 7.42	\$ 7.40	\$11.00	\$13.84	\$ 9.91
d. Shares "purchased" (b/c)	(131)	(132)	(87)	(65)	(96)
e. Common equivalent shares (a-d)	93	92	134	142	123
f. Average outstanding shares	3,045	3,045	3,046	3,058	3,048
g. Total average common and common equivalent shares (f+e)	3,138	3,138	3,180	3,198	3,171

Period ended	Quarters ended			Fiscal	
	12/31/93	4/2/94	7/2/94	9/30/94	1994
Net income	\$ 169	\$ 309	\$ 449	\$ 423	\$1,350
Weighted average shrs outstanding	3,082	3,068	3,116	3,128	3,102
Net income per share	\$.05	\$.10	\$.14	\$.14	\$.44
Shares outstanding - beginning	3,045	3,045	3,045	3,045	3,045
Weighted average - option exercises	0	0	0	0	0
Weighted average shares outstanding	3,045	3,045	3,046	3,058	3,045
Effect of outstanding options on primary EPS using average market price for the period					
a. # of options less than					
Average market price	226	226	225	224	225
b. \$ value of options	\$ 981	\$ 981	\$ 978	\$ 973	\$ 979
c. Average market price of stock	\$ 5.21	\$ 4.85	\$ 6.34	\$ 6.87	\$ 5.82
d. Shares "purchased" (b/c)	(189)	(203)	(156)	(141)	(168)
e. Common equivalent shares (a-d)	37	23	71	83	57
f. Average outstanding shares	3,045	3,045	3,045	3,045	3,045
g. Total average common and common equivalent shares (f+e)	3,082	3,068	3,116	3,128	3,102

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