

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

Form 10-Q

Mark One

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

For the quarter ended November 30, 1994

OR

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

Commission File No. 1-11288

APPLIED POWER INC.
(Exact name of Registrant as specified in its charter)

Wisconsin 39-0168610
(State of incorporation) (I.R.S. Employer Id. No.)

13000 West Silver Spring Drive
Butler, Wisconsin 53007
Mailing address: P. O. Box 325, Milwaukee, Wisconsin 53201
(Address of principal executive offices) (Zip Code)

(414) 781-6600
(Registrant's telephone number)

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 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 X No

Number of outstanding shares of Class A Common Stock: 13,243,230 as of December
31, 1994.

The Index to Exhibits appears on Page 11.

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APPLIED POWER INC.

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

APPLIED POWER INC.
CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
(Dollars in thousands, except per share amounts)
(Unaudited)

<TABLE>

<CAPTION>

	Three Months Ended November 30,	

	1994	1993
	-----	-----
<S>	<C>	<C>
Net Sales	\$ 125,799	\$ 103,604
Cost of Products Sold	77,627	65,012
	-----	-----
Gross Profit	48,172	38,592
Engineering, Selling and Administrative Expenses	35,693	30,109
	-----	-----
Operating Earnings from Continuing Operations	12,479	8,483
Other Expense (Income)		
Interest	2,738	2,838
Amortization of intangible assets	1,161	1,255
Other - net	201	61
	-----	-----
Earnings from Continuing Operations Before Income Tax Expense	8,379	4,329
Income Tax Expense	2,938	1,401
	-----	-----
Earnings from Continuing Operations	5,441	2,928
Discontinued Operations, net of income taxes		
Earnings from operations previously credited to reserve for estimated loss on disposition	-	(348)
	-----	-----
Net Earnings	\$ 5,441	\$ 2,580
	=====	=====
Earnings (Loss) Per Share		
Continuing Operations	\$ 0.40	\$ 0.22
Discontinued Operations	-	(0.03)
	-----	-----
Net Earnings Per Share	\$ 0.40	\$ 0.20
	=====	=====
Weighted Average Shares Outstanding (In thousands)	13,622	13,141

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

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APPLIED POWER INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in thousands, except per share amounts)

<TABLE>
<CAPTION>

	November 30, 1994	August 31, 1994
	----- (Unaudited)	-----
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,201	\$ 1,907
Net accounts receivable	64,283	64,259
Net inventories	95,619	94,949
Prepaid expenses	12,741	13,694
	-----	-----
Total Current Assets	174,844	174,809
Other Assets	6,484	6,390
Goodwill	56,327	56,708
Other Intangibles	11,343	11,750
Net Property, Plant and Equipment	66,665	67,745
	-----	-----
Total Assets	\$ 315,663	\$ 317,402
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Short-term borrowings	\$ 17,306	\$ 14,707
Trade accounts payable	32,901	35,219
Accrued compensation and benefits	14,064	16,335
Income taxes payable	7,811	8,190
Current maturities of long-term debt	10,650	10,792
Other current liabilities	20,242	16,722
	-----	-----
Total Current Liabilities	102,974	101,965
Long-Term Debt, less current maturities	68,942	77,956
Deferred Income Taxes	16,205	16,768
Other Deferred Liabilities	13,575	13,402
Shareholders' Equity		
Common stock, \$.20 par value, authorized 40,000,000 shares, issued and outstanding 13,226,842 and 13,152,454 shares, respectively	2,674	2,630
Additional paid-in capital	24,764	23,648
Retained earnings	80,847	75,802
Cumulative translation adjustments	5,682	5,231
	-----	-----
Total Shareholders' Equity	113,967	107,311
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 315,663	\$ 317,402
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

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APPLIED POWER INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended November 30,	
	1994	1993
	-----	-----
<S>	<C>	<C>
Earnings from Continuing Operations	\$ 5,441	\$ 2,928
Adjustments to reconcile earnings from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	4,651	4,892
Changes in operating assets and liabilities, excluding the effects of business acquisitions and disposals:		
Accounts receivable	(4,767)	(3,984)
Inventories	8	(543)
Prepaid expenses and other assets	704	567
Trade accounts payable	(2,422)	1,777
Other liabilities	1,738	(226)
Income taxes payable	(955)	(2,531)
	-----	-----
Net Cash Provided by Operating Activities	4,398	2,880
Investing Activities		
Proceeds from the sale of property, plant and equipment	29	836
Capital expenditures	(2,637)	(2,905)
Cash used to purchase subsidiaries	(699)	(1,534)
Other	152	(28)
	-----	-----
Net Cash Used in Investing Activities	(3,155)	(3,631)
Financing Activities		
Net repayments of long-term debt	(644)	(8,564)
Net borrowings on short-term credit facilities	2,583	3,369
Net commercial paper repayments	(8,662)	-
Cash received on sale of accounts receivable	5,000	-
Dividends paid on common stock	(396)	(391)
Exercise of stock options	1,160	60
	-----	-----
Net Cash Used in Financing Activities	(959)	(5,526)
Effect of Exchange Rate Changes on Cash	10	(11)
	-----	-----
Net Cash Provided By (Used in) Continuing Operations	294	(6,288)
Discontinued Operations Activities		
Proceeds from sale of Datafile	-	6,640
Other	-	(104)
	-----	-----
Net Cash Provided by Discontinued Operations	-	6,536
	-----	-----
Net Increase in Cash and Cash Equivalents	294	248
Cash and Cash Equivalents - Beginning of Period	1,907	1,320
	-----	-----
Cash and Cash Equivalents - End of Period	\$ 2,201	\$ 1,568
	=====	=====

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

APPLIED POWER INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except per share amounts)

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Applied Power Inc. (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial reporting and

with the instructions of Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For additional information, refer to the consolidated financial statements and footnotes thereto in the Company's 1994 Annual Report on Form 10-K.

The condensed consolidated financial statements for the three months ended November 30, 1993, have been adjusted to reflect the retention of certain Wright Line operations, as described in Note B - "Discontinued Operations".

In the opinion of management, all adjustments considered necessary for a fair presentation have been made. Such adjustments consist of only those of a recurring nature. Operating results for the three month period ended November 30, 1994 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 1995.

NOTE B - DISCONTINUED OPERATIONS

The Company completed the sale of certain assets of Wright Line's Datafile business in October, 1993. A short time later, Wright Line sold its Tapesal product line to a third party for future compensation. In the second quarter of fiscal 1994, the Company announced its decision to retain the remaining Wright Line business, which had been included in discontinued operations since the third quarter of 1992. Accordingly, the operating results of the retained Wright Line operations have been reclassified from discontinued operations to continuing operations for the three months ended November 30, 1993. For further information, refer to Note B - "Discontinued Operations" in Notes to Consolidated Financial Statements in the Company's 1994 Annual Report on Form 10-K.

NOTE C - ACQUISITIONS

On September 2, 1994, the Company acquired its master distributor in Brazil for \$699 in cash. Approximately \$300 of the purchase price was assigned to goodwill. The operating results of the new entity, subsequent to its acquisition, are included in the Condensed Consolidated Statement of Earnings.

On March 21, 1994, the Company increased its ownership interest in Applied Power Korea to 90%. Cash of \$912 was used in the acquisition which generated goodwill of \$572. The results of operations of this subsidiary have historically been included in the Condensed Consolidated Statement of Earnings.

Effective October 1, 1993, the Company completed the acquisition of certain assets of Palmer Industries, Inc. ("Palmer") for approximately \$1,534 in cash and a \$350 note. Approximately \$490 of the purchase price was assigned to goodwill. Palmer, based in Alexandria, Minnesota, is a leading manufacturer of plastic and metal staples, fasteners and straps. The operating results of Palmer subsequent to October 1, 1993 are included in the Condensed Consolidated Statement of Earnings.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

RESULTS OF OPERATIONS

The Company reported record sales and net earnings for the quarter ended November 30, 1994. Net earnings from continuing operations for the first quarter of 1995 were \$5,441, or \$.40 per share, an 86% improvement over comparable prior year earnings of \$2,928, or \$.22 per share. Increased sales volume and gross profit margins were the key factors in the improved results.

<TABLE>
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SALES BY SEGMENT	Three Months Ended November 30,		
	1994	1993	Change
<S>	<C>	<C>	<C>
Distributed Products Group	\$ 62,740	\$ 53,589	17%
Engineered Solutions Group	45,707	37,508	22%
Wright Line	17,352	12,507	39%
Total	\$ 125,799	\$ 103,604	21%

</TABLE>

Sales from the Distributed Products Group, which consists of Enerpac and GB Electrical, increased 17% over the comparable prior year period, of which 4% was the result of foreign exchange rate changes (the weaker U.S. dollar). The improvement reflects increased volume as a result of further strengthening of European and North American economies, as well as continued geographic expansion into the developing Latin American and Asia Pacific regions.

The Engineered Solutions Group, consisting of Barry Controls, Power-Packer and APITECH, reported a first quarter sales gain of 22% over the comparable prior year period, of which 3% was attributable to changes in foreign exchange rates. Strong European cab-tilt and convertible top system sales by Power-Packer, as well as overall improvement in the North American and European transportation and industrial markets were the key contributors.

Wright Line's 39% year-to-year sales growth was primarily due to the strength of its product offering and distribution effectiveness into the fast growing local area computer network market.

<TABLE>
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GROSS PROFIT BY SEGMENT	Three Months Ended November 30,		
	1994	1993	Change
<S>	<C>	<C>	<C>
Distributed Products Group	\$ 26,439	\$ 23,660	12%
Engineered Solutions Group	13,200	10,189	30%
Wright Line	8,533	4,743	80%
Total	\$ 48,172	\$ 38,592	25%

</TABLE>

Total gross profit increased 25% from the first quarter of fiscal 1994, primarily attributable to increased sales volume. Favorable manufacturing efficiencies and volume at Wright Line and within the Engineered Solutions Group resulted in an increase in the overall gross profit percentage from 37.2% to 38.3%.

<TABLE>
<CAPTION>

OPERATING EXPENSES	Three Months Ended November 30,		
	1994	1993	Change
<S>	<C>	<C>	<C>
Engineering	\$ 3,722	\$ 3,085	21%
Selling	21,319	18,146	17%
Administration	10,652	8,878	20%
Total	\$ 35,693	\$ 30,109	19%

</TABLE>

First quarter operating expenses were 19% higher than that reported in the first quarter of 1994, 3% of which was attributable to foreign exchange rate changes. Engineering expenses increased 21%, reflecting higher new product development expenditures at a number of locations. The increase in selling and marketing expense was primarily sales volume driven, consisting of higher commissions and advertising. Administration expense increased due to additional employee benefit, legal, information technology and geographic expansion expenditures. As a percentage of sales, operating expenses declined from 29.1% in the first quarter of 1994 to 28.4% in the most recent quarter.

Interest expense for the three months ended November 30, 1994 declined from the comparable prior year period due primarily to reductions in outstanding indebtedness.

Included under the caption "Discontinued Operations, net of income taxes" in the Condensed Consolidated Statement of Earnings for the three months ended November 30, 1993 are the earnings of the retained Wright Line operations, which had previously been credited to the discontinued operations reserve. For further information, see Note B - "Discontinued Operations" in Notes to

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled \$2,201 at November 30, 1994 and \$1,907 at August 31, 1994. In order to minimize interest expense, the Company intentionally maintains low cash balances by using available cash to reduce short-term bank borrowings. Funds available under unused credit lines totaled approximately \$68,822 as of November 30, 1994.

Cash generated from operations, after considering non-cash items and changes in operating assets and liabilities, totaled \$4,398 for the three months ended November 30, 1994, compared to \$2,880 for the comparable prior year period. Increased sales volume resulted in higher earnings from continuing operations and higher primary working capital levels.

Cash used in investing activities totaled \$3,155 for the first quarter of 1995, of which \$2,637 was used for capital expenditures, and \$699 for the acquisition of the Company's master distributor in Brazil.

<TABLE>
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	November 30,		August 31,	
	1994		1994	
CAPITALIZATION				
<S>	<C>	<C>	<C>	<C>
Shareholders' Equity	\$ 113,967	50%	\$ 107,311	47%
Total Debt	96,898	43%	103,455	45%
Deferred Taxes	16,205	7%	16,768	8%
Total	\$ 227,070	100%	\$ 227,534	100%

</TABLE>

During the three months ended November 30, 1994, outstanding debt declined by \$6,557. Debt as a percentage of total capitalization was 43% at November 30, 1994, compared to 45% at August 31, 1994. The Company increased amounts sold under its accounts receivable financing program from \$25,000 to \$30,000 during the quarter, generating proceeds of \$5,000 which were used to reduce debt. Dividends of \$396 were paid, while the exercise of stock options generated \$1,160 of cash.

The Company's second installment payment on its Senior Unsecured Notes is due August 15, 1995. The Company anticipates meeting this \$10,650 requirement with cash generated from operations and funds available under unused credit lines.

In the fourth quarter of fiscal 1993, the Company recorded a \$7,589 (\$.38 per share) pre-tax restructuring charge. Approximately \$6,165 of such costs had been incurred as of November 30, 1994. The majority of the remaining \$1,424 will be incurred during the balance of fiscal 1995 on severance and consolidation costs.

The Company anticipates that funds generated from operations and available under credit facilities will be adequate to meet anticipated operating, restructuring, debt service and capital expenditure requirements for the foreseeable future.

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

- (a) See Index to Exhibits on page 11, which is incorporated herein by reference.
- (b) There were no reports on Form 8-K filed during the three months ended November 30, 1994 or thereafter through the date of this report.

SIGNATURE

Pursuant to the requirements 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.

APPLIED POWER INC.
(Registrant)

Date: January 9, 1995

By: /s/Robert C. Arzbaeher

Robert C. Arzbaeher
Vice President and
Chief Financial Officer
(Principal Financial Officer
and duly authorized to sign
on behalf of the registrant)

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APPLIED POWER INC.

INDEX TO EXHIBITS

FISCAL 1995 FIRST QUARTER 10-Q

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APPLIED POWER INC.
 COMPUTATION OF EARNINGS PER SHARE
 (In thousands, except per share amounts)

<TABLE>
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	Three Months Ended November 30,	
	1994	1993
<S>	<C>	<C>
PRIMARY:		
Average shares outstanding	13,190	13,010
Net effect of dilutive options based on the treasury stock method using average market price	432	131
Total	13,622	13,141
Net earnings (loss):		
Continuing operations	\$5,441	\$2,928
Discontinued operations	-	(348)
Net Earnings	\$5,441	\$2,580
Primary earnings (loss) per share:		
Continuing operations	\$0.40	\$0.22
Discontinued operations	-	(0.03)
Net Earnings	\$0.40	\$0.20
	=====	=====
FULLY DILUTED: (A)		
Average shares outstanding	13,190	13,010
Net effect of dilutive options based on the treasury stock method using the greater of average or period-end market price	432	131
Total	13,622	13,141
Net earnings (loss):		
Continuing operations	\$5,441	\$2,928
Discontinued operations	-	(348)
Net Earnings	\$5,441	\$2,580
Fully diluted earnings (loss) per share:		
Continuing operations	\$0.40	\$0.22
Discontinued operations	-	(0.03)
Net Earnings	\$0.40	\$0.20
	=====	=====

</TABLE>

(A) Dilution of less than 3%; therefore not presented in Condensed Consolidated Statement of Earnings.

<TABLE> <S> <C>

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This schedule contains summary financial information extracted from Applied Power Inc.'s Form 10-Q for the quarter ended November 30, 1994 and is qualified in its entirety by reference to such financial statements.

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