

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, 1995

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: 13,418,965 as of December
31, 1995.

The Index to Exhibits appears on Page 12.

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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,	
	1995	1994
<S>	<C>	<C>
Net Sales	\$ 139,270	\$ 125,799
Cost of Products Sold	85,189	77,627
Gross Profit	54,081	48,172
Engineering, Selling and Administrative Expenses	39,856	35,693
Operating Earnings	14,225	12,479
Other Expense (Income):		
Net interest expense	2,067	2,738
Amortization of intangible assets	720	1,161
Other - net	100	201
Earnings Before Income Tax Expense	11,338	8,379
Income Tax Expense	3,628	2,938
Net Earnings	\$ 7,710	\$ 5,441
Earnings Per Share	\$ 0.55	\$ 0.40
Weighted Average Shares Outstanding (In thousands)	13,993	13,622

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

APPLIED POWER INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

<TABLE>
<CAPTION>

	NOVEMBER 30, 1995	August 31, 1995
<S>	<C>	<C>
	(UNAUDITED)	

ASSETS

Current Assets		
Cash and cash equivalents	\$ 1,953	\$ 911
Net accounts receivable	65,502	71,000
Net inventories	107,317	103,358
Prepaid taxes and expenses	14,649	15,195
	-----	-----
Total Current Assets	189,421	190,464
Other Assets	6,297	6,274
Goodwill	58,483	57,346
Other Intangibles	10,198	10,427
Net Property, Plant and Equipment	72,925	68,435
	-----	-----
Total Assets	\$ 337,324	\$ 332,946
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities		
Short-term borrowings	\$ 5,572	\$ 12,620
Trade accounts payable	38,182	37,530
Accrued compensation and benefits	14,734	19,707
Income taxes payable	9,973	7,575
Current maturities of long-term debt	-	187
Other current liabilities	20,262	19,828
	-----	-----
Total Current Liabilities	88,723	97,447
Long-Term Debt, less current maturities	80,803	74,156
Deferred Income Taxes	15,849	16,386
Other Deferred Liabilities	13,303	13,271
Shareholders' Equity		
Common stock, \$0.20 par value, authorized 40,000,000 shares, issued and outstanding 13,417,015 and 13,406,590 shares, respectively	2,683	2,681
Additional paid-in capital	28,496	28,328
Retained earnings	101,592	94,285
Cumulative translation adjustments	5,875	6,392
	-----	-----
Total Shareholders' Equity	138,646	131,686
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 337,324	\$ 332,946
	=====	=====

</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,	
	----- 1995	----- 1994
	----- <C>	----- <C>
<S> OPERATING ACTIVITIES		
Net Earnings	\$ 7,710	\$ 5,441
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	5,067	4,651
Changes in operating assets and liabilities, excluding the effects of business acquisitions and disposals:		
Accounts receivable	627	(4,767)
Inventories	(2,641)	8
Prepaid expenses and other assets	(754)	704
Trade accounts payable	251	(2,422)
Other liabilities	(5,602)	1,738
Income taxes payable	2,396	(955)
	-----	-----

Net Cash Provided by Operating Activities	7,054	4,398
INVESTING ACTIVITIES		
Proceeds on the sale of property, plant and equipment	98	29
Additions to property, plant and equipment	(6,387)	(2,637)
Cash used for business acquisitions	(3,855)	(699)
Other	-	152
Net Cash Used In Investing Activities	(10,144)	(3,155)
FINANCING ACTIVITIES		
Net borrowings (repayments) under credit agreements	5,831	(644)
Net (repayments) borrowings on short-term credit facilities	(7,003)	2,583
Net commercial paper repayments	(308)	(8,662)
Additional receivables financed	5,791	5,000
Dividends paid on common stock	(403)	(396)
Stock options exercised	170	1,160
Other	(42)	-
Net Cash Provided By (Used In) Financing Activities	4,036	(959)
Effect of Exchange Rate Changes on Cash	96	10
Net Increase in Cash and Cash Equivalents	1,042	294
Cash and Cash Equivalents - Beginning of Period	911	1,907
Cash and Cash Equivalents - End of Period	\$ 1,953	\$ 2,201

</TABLE>

See accompanying Notes to Condensed Consolidated Financial Statements

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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 1995 Annual Report on Form 10-K.

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 months ended November 30, 1995 are not necessarily indicative of the results that may be expected for the fiscal year ending August 31, 1996.

NOTE B - ACQUISITIONS

The Company's Enerpac division acquired the assets of Designed Fluid-Air Systems, Inc. ("DFAS") on October 26, 1995, for \$298 in cash, plus future royalties over the next five years not to exceed \$500 in the aggregate. Approximately \$100 of the purchase price was assigned to Goodwill. DFAS, located in Oswego, Illinois, designs, fabricates and assembles customized quick die change systems utilizing hydraulic, pneumatic and electrical components.

On September 29, 1995, the Company completed the acquisition of substantially all of the assets and certain liabilities of Vision Plastics Manufacturing Company ("Vision") for \$3,557 in cash. Included in the liabilities assumed was \$1,357 of outstanding mortgage debt which was subsequently extinguished by the Company during the first quarter. Certain proprietary technology rights and patents related to the business are to be acquired in a separate transaction that is expected to close in January, 1996. Total consideration for the two transactions is approximately \$21,500, and will be funded by proceeds from borrowings under existing credit facilities. Vision, based in San Diego, California, manufactures plastic cable ties which are sold through electrical wholesale, retail and OEM channels.

The Company acquired all of the outstanding stock of New England Controls, Inc. ("NECON") on June 28, 1995 for approximately \$2,059 in cash. Approximately \$1,536 of the purchase price was assigned to Goodwill. NECON, based in Milford, Connecticut, manufactures electrical switches for the electrical wholesale, retail and OEM markets.

All acquisitions were accounted for using the purchase method.

NOTE C - SUBSEQUENT EVENTS

On December 8, 1995, the Company acquired the remaining 10% minority interest in Applied Power Korea. Cash of \$388 was used in the acquisition which generated goodwill of approximately \$340.

The Company's GB Electrical subsidiary sold its HIT spring steel product line in early December, 1995 for \$2,500 in cash, which approximated its book value.

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 earnings for the quarter ended November 30, 1995. Net earnings for the most recent quarter were \$7,710, or \$0.55 per share, compared to \$5,441, or \$0.40 per share, recorded in the comparable prior year period. Increased sales and greater leverage on fixed costs were the key factors in the improved results. Foreign currency translation had a negligible impact on results for the quarter ended November 30, 1995.

<TABLE>
<CAPTION>

SALES BY SEGMENT	Three Months Ended November 30,		
	1995	1994	Change
<S>	<C>	<C>	<C>
Distributed Products	\$ 67,026	\$ 62,740	7%
Engineered Solutions	47,924	45,707	5%
Wright Line	24,320	17,352	40%
Total	\$ 139,270	\$ 125,799	11%

</TABLE>

All of the Company's businesses reported sales increases over the prior year for the three months ended November 30, 1995. Sales from Distributed Products, which consists of Enerpac and GB Electrical, grew 7%, benefiting from further expansion into developing markets and approximately \$1,723 from businesses acquired subsequent to the first quarter of fiscal 1995.

Engineered Solutions, consisting of Barry Controls, Power-Packer and APITECH, reported a first quarter sales gain of 5% over the comparable prior year period. The majority of the growth took place in Power-Packer which continued to experience strong demand from European OEM truck and automobile manufacturers.

Wright Line's 40% year-to-year sales growth reflects continued success with the LMS product line as well as other new product introductions into the engineering and laboratory markets. In addition, Wright Line continued to grow through expansion of its direct sales force during the first quarter of fiscal 1995.

<TABLE>
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GROSS PROFIT BY SEGMENT	Three Months Ended November 30,		
	1995	1994	Change
<S>	<C>	<C>	<C>
Distributed Products	\$ 28,563	\$ 26,439	8 %
Engineered Solutions	13,826	13,200	5 %
Wright Line	11,692	8,533	37 %
Total	\$ 54,081	\$ 48,172	12 %

</TABLE>

Total gross profit increased 12% from the first quarter of fiscal 1995,

primarily due to increased sales volume and fixed manufacturing cost leverage. Overall, the Company's gross profit percentage increased to 38.8% from 38.3% for the three months ended November 30, 1995 and 1994, respectively. The improvement is primarily due to favorable product mix and the impact of higher production levels on fixed manufacturing costs.

<TABLE>
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OPERATING EXPENSES	Three Months Ended November 30,		
	1995	1994	Change
<S>	<C>	<C>	<C>
Engineering	\$ 4,462	\$ 3,722	20 %
Selling	25,709	21,319	21 %
Administration	9,685	10,652	(9) %
Total	\$ 39,856	\$ 35,693	12 %

</TABLE>

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First quarter operating expenses were 12% higher than that reported in the first quarter of 1995, reflecting the impact of geographic expansion into developing markets, acquisitions, increased product development programs, and higher sales levels.

Engineering expenses increased 20%, reflecting higher new product development expenditures at a number of locations. The Company believes that its investment in technology in all businesses will continue to provide it with a competitive advantage and growth opportunities.

The increase in selling and marketing expense was primarily sales volume driven, consisting of higher commissions and advertising. Wright Line has a direct sales force whose compensation is substantially commission-based. As a result of its 40% sales growth over the comparable prior year period, its selling and marketing expenses increased at a similar rate, from \$5,164 to \$7,461. In addition, acquisitions generated approximately \$80 in selling and marketing expenses for the quarter ended November 30, 1995.

Administration expenses totaled \$9,685 for the quarter ended November 30, 1995, the lowest for any three month period in over a year, and included approximately \$121 of additional administrative expenditures related to the new acquisitions. The reduction in expenses was primarily at the Barry Controls and Corporate locations.

Interest expense for the three months ended November 30, 1995 declined substantially from the comparable prior year period as a result of the combination of lower borrowing rates and debt outstanding. During the first quarter of fiscal 1995, the majority of debt outstanding represented Senior Unsecured Notes bearing fixed 9.92% interest rates. The Company refinanced the Senior Unsecured Notes in March, 1995 with lower variable rate debt.

Amortization expense for the quarter ended November 30, 1995 was lower than that reported in the comparable prior year period due to certain GB Electrical intangible assets becoming fully amortized during the second quarter of fiscal 1995.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents totaled \$1,953 at November 30, 1995 and \$911 at August 31, 1995. In order to minimize interest expense, the Company intentionally maintains low cash balances by using available cash to reduce short-term bank borrowings.

Cash generated from operations, after considering non-cash items and changes in operating assets and liabilities, totaled \$7,054 and \$4,398 for the three month periods ended November 30, 1995 and 1994, respectively. Increased sales volume resulted in higher operating earnings and higher primary working capital levels.

Cash used in investing activities totaled \$10,144 for the first quarter of fiscal 1996, \$6,387 of which was used for capital expenditures and \$3,855 for the acquisitions of DFAS and Vision. Higher capital expenditures relative to the prior year reflect the paint line and building additions at Wright Line and warehouse improvements at GB Electrical. Both of these projects are anticipated to be completed during the second quarter of fiscal 1996.

<TABLE>
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TOTAL CAPITALIZATION	NOVEMBER 30, 1995	August 31, 1995
	-----	-----

<S>	<C>	<C>
Shareholders' Equity	\$ 138,646 58%	\$ 131,686 56%
Total Debt	86,375 36%	86,963 37%
Deferred Taxes	15,849 6%	16,386 7%
	-----	-----
Total	\$ 240,870 100%	\$ 235,035 100%
	=====	=====

</TABLE>

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Outstanding debt at November 30, 1995 totaled \$86,375, a reduction of \$588 since the beginning of the year. The continued decrease was possible due to the strong operating cash inflows for the quarter and incremental accounts receivable financed. Debt as a percentage of total capitalization declined to 36% at the end of the quarter, its lowest point since 1989, compared to 37% at the beginning of the current fiscal year. Dividends of \$403 were paid, while the exercise of stock options generated an additional \$170 of cash.

The Company entered into an interest rate swap agreement on a notional \$15,000 in debt early in December, 1995. The swap converts the interest rate for a term of seven years from a floating rate to a fixed rate of approximately 6.18%.

The Company expects to complete the acquisition of certain technology rights related to the Vision business during the second quarter of fiscal 1996. The remaining purchase price of approximately \$18,000 will be generated from additional borrowings. The Company anticipates that the funds generated from operations and available under credit facilities will be adequate to meet operating, debt service and capital expenditure requirements for the foreseeable future.

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PART II - OTHER INFORMATION

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K

- (a) See Index to Exhibits on page 12, which is incorporated herein by reference.
- (b) There were no reports on Form 8-K filed during the three months ended November 30, 1995 or thereafter through the date of this report.

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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, 1996

By: /s/Robert C. Arzbaecher
Robert C. Arzbaecher
Vice President and
Chief Financial Officer
(Principal Financial Officer
and duly authorized to sign
on behalf of the registrant)

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INDEX TO EXHIBITS
FISCAL 1996 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,	
	1995	1994
<S>	<C>	<C>
PRIMARY:		
Average shares outstanding	13,410	13,190
Net effect of dilutive options based on the treasury stock method using average market price	583	432
Total	13,993	13,622
Net earnings	\$ 7,710	\$ 5,441
Primary earnings per share	\$ 0.55	\$ 0.40
FULLY DILUTED: (A)		
Average shares outstanding	13,409	13,190
Net effect of dilutive options based on the treasury stock method using the greater of average or period-end market price	599	432
Total	14,008	13,622
Net earnings	\$ 7,710	\$ 5,441
Fully diluted earnings per share	\$ 0.55	\$ 0.40

</TABLE>

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

<TABLE> <S> <C>

<ARTICLE> 5

<S>	<C>
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