

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 March 31, 2001 Commission file number 0-21835

SUN HYDRAULICS CORPORATION

-----  
(Exact Name of Registration as Specified in its Charter)

FLORIDA

59-2754337

-----  
(State or Other Jurisdiction of  
Incorporation or Organization)

-----  
(I.R.S. Employer  
Identification No.)

1500 WEST UNIVERSITY PARKWAY  
SARASOTA, FLORIDA

34243

-----  
(Address of Principal Executive Offices)

-----  
(Zip Code)

941/362-1200

-----  
(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

The Registrant had 6,384,948 shares of common stock, par value \$.001, outstanding as of May 1, 2001.

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For the quarter ended March 31, 2001

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## PART I: FINANCIAL INFORMATION

## Item 1.

SUN HYDRAULICS CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

MARCH 31, 2001    DECEMBER 30, 2000  
(UNAUDITED)

<S>	<C>	<C>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,856	\$ 2,698
Accounts receivable, net of allowance for doubtful accounts of \$174 and \$163	7,442	6,112
Inventories	8,983	9,033
Other current assets	663	536
	-----	-----
Total current assets	19,944	18,379
Property, plant and equipment, net	44,596	44,984
Other assets	975	1,011
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$ 65,515</b>	<b>\$ 64,374</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,838	\$ 1,787
Accrued expenses and other liabilities	1,811	1,585
Long-term debt due within one year	1,848	1,779
Dividends payable	255	255
Taxes payable	593	315
	-----	-----
Total current liabilities	6,345	5,721
Long-term debt due after one year	10,131	10,233
Deferred income taxes	4,096	4,106
Other noncurrent liabilities	465	478
	-----	-----
Total liabilities	21,037	20,538
Shareholders' equity:		
Preferred stock	--	--
Common stock	6	6
Capital in excess of par value	24,486	24,486
Retained earnings	19,852	19,073
Accumulated other comprehensive income	134	271

Total shareholders' equity	44,478	43,836		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 65,515	\$ 64,374		

</TABLE>

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SUN HYDRAULICS CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
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	THREE MONTHS ENDED			
	MARCH 31, 2001 (UNAUDITED)	APRIL 1, 2000 (UNAUDITED)		
<S> NET SALES	\$ 18,979	\$ 20,233		
Cost of sales	13,663	15,150		
GROSS PROFIT	5,316	5,083		
Selling, engineering and administrative expenses	3,457	3,644		
OPERATING INCOME	1,859	1,439		
Interest expense	270	290		
Miscellaneous expense (income)	3	(53)		
INCOME BEFORE INCOME TAXES	1,586	1,202		
Income tax provision	552	345		
NET INCOME	\$ 1,034	\$ 857		
BASIC NET INCOME PER COMMON SHARE		\$ 0.16	\$ 0.13	
WEIGHTED AVERAGE SHARES OUTSTANDING		6,385	6,385	
DILUTED NET INCOME PER COMMON SHARE		\$ 0.16	\$ 0.13	
WEIGHTED AVERAGE DILUTED SHARES OUTSTANDING		6,585	6,589	

</TABLE>

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SUN HYDRAULICS CORPORATION  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AND COMPREHENSIVE  
INCOME  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	COMMON SHARES	CAPITAL IN STOCK	ACCUMULATED EXCESS OF PAR VALUE	OTHER RETAINED EARNINGS	COMPREHENSIVE INCOME	TOTAL
<S> Balance, December 30, 2000	6,385	\$ 6	\$ 24,486	\$ 19,073	\$ 271	\$ 43,836
Dividends declared			(255)	(255)		
Comprehensive income:						
Net income			1,034	1,034		

Foreign currency translation adjustments				(137)	(137)	
				-----		
Comprehensive income					897	
Balance, March 31, 2001 (unaudited)	6,385	\$ 6	\$24,486	\$19,852	\$134	\$44,478
	=====	=====	=====	=====	=====	=====

</TABLE>

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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SUN HYDRAULICS CORPORATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

THREE MONTHS ENDED  
MARCH 31, 2001    APRIL 1, 2000  
(UNAUDITED)      (UNAUDITED)

<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,034	\$ 857
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,409	1,378
(Gain)/Loss on disposal of assets	--	(20)
Provision for deferred income taxes	(10)	(3)
(Increase) decrease in:		
Accounts receivable	(1,341)	(1,183)
Allowance for doubtful accounts	11	--
Inventories	50	(38)
Income tax receivable, net	--	314
Other current assets	(127)	57
Other assets	22	(18)
Increase (decrease) in:		
Accounts payable	51	(467)
Accrued expenses and other liabilities	226	153
Income taxes payable, net	278	--
Other liabilities	(13)	200
	-----	-----
Net cash provided by operating activities	1,590	1,230
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in acquisition and joint venture	--	(100)
Capital expenditures	(1,013)	(1,428)
Proceeds from dispositions of equipment	6	37
	-----	-----
Net cash used in investing activities	(1,007)	(1,491)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from debt	359	1,369
Repayment of debt	(392)	(846)
Dividends to shareholders	(255)	(255)
	-----	-----
Net cash provided by (used in) financing activities	(288)	268
Effect of exchange rate changes on cash and cash equivalents	(137)	(61)
Net increase (decrease) in cash and cash equivalents	158	(54)
Cash and cash equivalents, beginning of period	2,698	1,122
	-----	-----
Cash and cash equivalents, end of period	\$ 2,856	\$ 1,068
	=====	=====

Supplemental disclosure of cash flow information:

Cash paid for:		
Interest	\$ 270	\$ 290
Income taxes	\$ 284	\$ 34

The accompanying Notes to the Consolidated Financial Statements are an integral part of these financial statements.

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SUN HYDRAULICS CORPORATION  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in thousands except per share data)

1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for reporting on Form 10-Q. Accordingly, certain information and footnotes required by generally accepted accounting principles for complete financial statements are not included herein. The financial statements are prepared on a consistent basis (including normal recurring adjustments) and should be read in conjunction with the consolidated financial statements and related notes contained in the Annual Report on Form 10-K for the fiscal year ended December 30, 2000, filed by Sun Hydraulics Corporation (the "Company") with the Securities and Exchange Commission on March 12, 2001. In Management's opinion, all adjustments necessary for a fair presentation of the Company's financial statements are reflected in the interim periods presented.

2. BUSINESS

Sun Hydraulics Corporation and its wholly-owned subsidiaries (the "Company") design, manufacture and sell screw-in cartridge valves and manifolds used in hydraulic systems. The Company has facilities in the United States, the United Kingdom, Germany, Korea, and China. Sun Hydraulics Corporation ("Sun Hydraulics"), with its main offices located in Sarasota, Florida, designs, manufactures and sells through independent distributors in the United States. Sun Hydraulik Holdings Limited ("Sun Holdings"), a wholly-owned subsidiary of Sun Hydraulics, was formed to provide a holding company for the European market operations; its wholly-owned subsidiaries are Sun Hydraulics Limited (a British corporation, "Sun Ltd.") and Sun Hydraulik GmbH (a German corporation, "Sun GmbH"). Sun Ltd. operates a manufacturing and distribution facility located in Coventry, England, and Sun GmbH, operates a manufacturing and distribution facility located in Erkelenz, Germany. Sun Hydraulics Korea Corporation ("Sun Korea"), a wholly-owned subsidiary of Sun Hydraulics, located in Incheon, South Korea, operates a manufacturing and distribution facility. Sun Hydraulics Systems (Shanghai) Co., Ltd. ("Sun China"), a 50/50 joint venture between Sun Hydraulics and Links Lin, the owner of Sun Hydraulics' Taiwanese distributor, is located in Shanghai, China, and operates a manufacturing and distribution facility.

3. INVENTORY

	March 31, 2001	December 30, 2000
	-----	-----
<S>	<C>	<C>
Raw materials	\$3,064	\$3,300
Work in process	3,309	3,145
Finished goods	2,610	2,588
	-----	-----
Total	\$8,983	\$9,033
	=====	=====

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4. LONG-TERM DEBT (in thousands)

<TABLE>



THREE MONTHS

ENDED MARCH 31, 2001

Sales to unaffiliated customers	\$12,644	\$1,128	\$1,911	\$3,296	--	\$18,979
Intercompany sales	3,625	--	--	433	(4,058)	--
Operating profit	1,380	3	24	488	(36)	1,859
Depreciation and amortization	1,077	56	77	199	--	1,409
Capital expenditures	340	26	518	129	--	1,013

THREE MONTHS

ENDED APRIL 1, 2000

Sales to unaffiliated	\$13,723	\$1,447	\$1,533	\$3,366	--	\$20,069
Intercompany sales	2,825	--	8	528	(3,361)	--
Operating profit	940	140	55	406	(102)	1,439
Depreciation and amortization	1,049	33	63	233	--	1,378
Capital expenditures	1,113	169	84	62	--	1,428

</TABLE>

Operating profit is total sales and other operating income less operating expenses. In computing segment operating profit, interest expense and net miscellaneous income (expense) have not been deducted (added).

Included in U.S. sales to unaffiliated customers were export sales, principally to Canada and Asia, of \$1,547 and \$1,502 during the three months ended March 31, 2001, and April 1, 2000, respectively.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

Sun Hydraulics Corporation is a leading designer and manufacturer of high-performance screw-in hydraulic cartridge valves and manifolds, which control force, speed and motion as integral components in fluid power systems. The Company sells its products globally, primarily through independent distributors. Approximately 66% of product sales are used by the mobile market, characterized by applications where the equipment is not fixed in place, the operating environment is often unpredictable, and duty cycles are generally moderate to low. The remaining 34% of sales are used by industrial markets, which are characterized by equipment that is fixed in place, typically in a controlled environment, with higher pressures and duty cycles. The Company sells to both markets with a single product line. In 2000 the Company generated approximately 40% of its net sales outside of the United States.

Orders for the three months ended March 31, 2001, were \$19.8 million. This was a \$1.9 million, or 8.8%, decrease from the three months ended April 1, 2000, and a \$2.9 million, or 17.2%, increase compared to the previous quarter ended December 30, 2000. The 17.2% increase from the previous quarter included an 11.6% increase in domestic orders and a 24.6% increase in international orders. The Company's order rates continued to outperform the hydraulics industry as the United States National Fluid Power Association's preliminary report indicates total orders for hydraulics products for the first quarter of 2001 increased 2.4% from the previous quarter.

The Company's net sales increased \$1.5 million, or 8.2%, to \$19.0 million for the three months ended March 31, 2001, compared to net sales of \$17.5 for the quarter ended December 30, 2000. The 8.2% increase included a 4.0% increase in domestic sales and a 14.2% increase in international sales.

Net income for the three months ended March 31, 2001 was \$1.0 million, an increase of \$0.2 million, or 20.7%, compared to the same period last year despite a net sales decrease of 6.2%. Compared to the quarter ended December 30, 2000, net income increased 57.0%, or \$0.4 million.

Outlook

Orders for the first quarter of 2001 were up 17.0% over the last quarter of 2000; however, the order rates for the months of March and April indicate that the net sales for the second quarter ending June 30, 2001, are

likely to decrease 10 to 15%. Management believes the decrease in orders is the result of a broad based decline in business throughout the United States manufacturing sector.

The Company plans to break ground in the third quarter of this year to build an addition to its plant in the United Kingdom that will double the manufacturing space. The project is expected to cost

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\$2.2 million. This investment is key to the growth of the Company in Europe and will improve productivity in the United Kingdom operation.

#### COMPARISON OF THREE MONTHS ENDED MARCH 31, 2001 AND APRIL 1, 2000

Net sales decreased \$1.3 million, or 6.2%, to \$19.0 million for the quarter ended March 31, 2001, compared to the quarter ended April 1, 2000. This decrease was due to a general slowdown in the United States manufacturing sector.

Gross profit increased \$0.2 million, or 4.6%, to \$5.3 million for the quarter ended March 31, 2001, compared to the quarter ended April 1, 2000. Gross profit as a percentage of net sales increased to 28.0% compared to 25.1% for the first quarter of 2000. The 2.9% increase in gross profit as a percent of net sales was primarily due to a decrease in prime manufacturing costs, particularly the cost of purchased parts.

Selling, engineering and administrative expenses decreased 5.1%, or \$0.2 million, to \$3.5 million in the quarter ended March 31, 2001, compared to \$3.6 million in the quarter ended April 1, 2000. This decrease is due to lower spending in many expense categories in the United States operation offset by moderate increases in the foreign operations.

The provision for income taxes for the quarter ended March 31, 2001, was 34.8% of pretax income, compared to 28.7% of pretax income for the quarter ended April 1, 2000. This increase is due to Korean tax provision requirements that were not previously believed to be applicable. In both years, tax savings were realized in the United States from the Sun Hydraulics Foreign Sales Corporation.

#### LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company's primary source of capital has been cash generated from operations, although fluctuations in working capital requirements have been met through borrowings under revolving lines of credit. The Company's principal uses of cash have been to pay operating expenses, make capital expenditures, pay dividends to shareholders and service debt.

Cash from operations for the three months ended March 31, 2001, was \$1.6 million. This compares with \$1.2 million for the three months ended April 1, 2000. The \$0.4 million increase was due to a \$0.2 million increase in net income and \$0.2 million increase in working capital. Days sales outstanding was 36 and 33 at March 31, 2001, and April 1, 2000, respectively. Inventory turns were 6.1 and 7.4 at March 31, 2001, and April 1, 2000, respectively.

Capital expenditures, consisting primarily of purchases of machinery and equipment, were \$1.0 million for the quarter ended March 31, 2001, compared to \$1.4 million for the quarter ended April 1, 2000.

The Company plans to break ground in the third quarter of this year to build an addition to its plant in the United Kingdom that will double the manufacturing space. The project is expected to cost \$2.2 million.

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The Company believes that cash generated from operations and its borrowing availability under its revolving lines of credit will be sufficient to satisfy its operating expenses and capital expenditures for the foreseeable future.

The Company declared a quarterly dividend of \$0.04 per share to

shareholders of record on March 31, 2001, which was paid on April 15, 2001.

## SEASONALITY AND INFLATION

The Company generally has experienced reduced activity during the fourth quarter of the year, largely as a result of fewer working days due to holiday shutdowns. The Company does not believe that inflation had a material effect on its operations for the periods ended March 31, 2001, and April 1, 2000. There can be no assurance, however, that the Company's business will not be affected by inflation in the future.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk from changes in interest rates on borrowed funds, which could affect its results of operations and financial condition. At March 31, 2001, the Company had approximately \$5.0 million in variable-rate debt outstanding and, as such, the market risk is immaterial based upon a 10% increase or decrease in interest rates. The Company manages this risk by selecting debt financing that is based on the prime rate or Treasury securities rate in the U.S., or the equivalent rate in the U.K., Germany, and Korea, respectively.

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## FORWARD-LOOKING INFORMATION

Certain oral statements made by management from time to time and certain statements contained herein that are not historical facts are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934 and, because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements, including those in Management's Discussion and Analysis of Financial Condition and Results of Operations are statements regarding the intent, belief or current expectations, estimates or projections of the Company, its Directors or its Officers about the Company and the industry in which it operates, and assumptions made by management, and include among other items, (i) the Company's strategies regarding growth, including its intention to develop new products; (ii) the Company's financing plans; (iii) trends affecting the Company's financial condition or results of operations; (iv) the Company's ability to continue to control costs and to meet its liquidity and other financing needs; (v) the declaration and payment of dividends; and (vi) the Company's ability to respond to changes in customer demand domestically and internationally, including as a result of standardization. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that the anticipated results will occur.

Important factors that could cause the actual results to differ materially from those in the forward-looking statements include, among other items, (i) the economic cyclicality of the capital goods industry in general and the hydraulic valve and manifold industry in particular, which directly affect customer orders, lead times and sales volume; (ii) conditions in the capital markets, including the interest rate environment and the availability of capital; (iii) changes in the competitive marketplace that could affect the Company's revenue and/or cost bases, such as increased competition, lack of qualified engineering, marketing, management or other personnel, and increased labor and raw materials costs; (iv) changes in technology or customer requirements, such as standardization of the cavity into which screw-in cartridge valves must fit, which could render the Company's products or technologies noncompetitive or obsolete; (v) new product introductions, product sales mix and the geographic mix of sales nationally and internationally; and (vi) changes relating to the Company's international sales, including changes in regulatory requirements or tariffs, trade or currency restrictions, fluctuations in exchange rates, and tax and collection issues. Further information relating to factors that could cause actual results to differ from those anticipated is included but not limited to information under the headings "Business" (including under the subheading "Business Risk Factors") in the Company's Form 10-K for the year ended December 30, 2000, and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" in this Form 10-Q for the quarter ended March 31, 2001. The Company disclaims any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

PART II  
OTHER INFORMATION

## Item 1. Legal Proceedings.

None.

## Item 2. Changes in Securities.

None.

## Item 3. Defaults upon Senior Securities.

None.

## Item 4. Submission of Matters to a Vote of Security Holders.

None

## Item 5. Other Information.

None.

## Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

&lt;TABLE&gt;

&lt;CAPTION&gt;

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
-----	-----

&lt;S&gt;    &lt;C&gt;

3.1 Amended and Restated Articles of Incorporation of the Company (previously filed as Exhibit 3.1 in the Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on December 19, 1996 (File No. 333-14183) and incorporated herein by reference).

3.2 Amended and Restated Bylaws of the Company (previously filed as Exhibit 3.2 in the Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on December 19, 1996 (File No. 333-14183) and incorporated herein by reference).

4.5 Mortgage and Security Agreement, dated January 9, 1992, between Suninco, Inc., Sun Hydraulics Corporation, and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.5 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.6 Loan Agreement, dated March 29, 1996, between Suninco, Inc., Sun Hydraulics Corporation, and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.6 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

&lt;/TABLE&gt;

&lt;TABLE&gt;

&lt;S&gt;    &lt;C&gt;

4.7 Security Agreement, dated March 29, 1996, between Suninco, Inc., Sun Hydraulics Corporation, and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.7 in the Company's Registration Statement on Form S-1 filed on October

15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.8 Modification and Additional Advance Agreement, dated March 29, 1996, between Suninco, Inc. and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.8 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.9 Consolidated Note, dated March 29, 1996, in the amount of \$2,475,000.00, given by Suninco, Inc. to Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.9 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.10 Loan Agreement, dated May 20, 1996, between Sun Hydraulics Corporation and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.10 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.11 Security Agreement, dated May 20, 1996, between Sun Hydraulics Corporation and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.11 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.12 Consolidated Note, dated May 20, 1996, in the amount of \$3,063,157.00, given by Sun Hydraulics Corporation to Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.12 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.13 Loan Agreement, dated June 14, 1996, between Sun Hydraulics Corporation, Suninco Inc., and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.13 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.14 Mortgage, dated June 14, 1996, between Sun Hydraulics Corporation, Suninco Inc., and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.14 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

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<S> <C>

4.15 Security Agreement, dated June 14, 1996, between Sun Hydraulics Corporation and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.15 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.16 Promissory Note, dated June 14, 1996, in the amount of \$6,187,000.00, given by Sun Hydraulics Corporation and Suninco, Inc. to Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.16 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.17 Revolving Loan Facility letter agreement, dated July 30, 1996, in the amount of (pound)800,000, between Sun Hydraulics Ltd. and Lloyds Bank Plc. (previously filed as Exhibit 4.17 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

- 4.18 Overdraft and Other Facilities letter agreement, dated June 7, 1996, in an amount not to exceed (pound)250,000, between Sun Hydraulics Ltd. and Lloyds Bank Plc. (previously filed as Exhibit 4.18 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).
- 4.19 Mortgage, dated April 11, 1996, between Sun Hydraulik GmbH and Dresdner Bank (previously filed as Exhibit 4.19 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).
- 4.20 Amendment to Recommended Offer by Sun Hydraulics Corporation to acquire the whole of the issued share capital of Sun Hydraulik Holdings Limited, dated December 17, 1996 (previously filed as Exhibit 2.1 in the Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on December 19, 1996 (File No. 333-14183) and incorporated herein by reference).
- 4.21 Master Note, dated February 3, 1997, in the amount of \$10,000,000.00, made by the Company to evidence a line of credit granted to the Company by Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 4.22 Renewal Master Note, dated February 3, 1998, in the amount of \$10,000,000.00, made by the Company to evidence a line of credit granted to the Company by Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.22 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).

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- <S> <C>
- 4.23 Modification Agreement, dated March 1, 1998, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).
- 4.24 Renewal Master Note, dated as of February 3, 1998, in the amount of \$4,965,524.51, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.24 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).
- 4.25 Renewal Master Note, dated of February 3, 1999, in the amount of \$4,965,524.51, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.25 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 1999 and incorporated herein by reference).
- 4.26 Renewal Master Note, dated July 23, 1999, in the amount of \$5,000,000.00 between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.26 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1999 and incorporated herein by reference).
- 4.27 Loan Agreement, dated July 23, 1999, in the amount of \$7,500,000.00, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1999 and incorporated herein by reference).

- 4.28 Security Agreement, dated July 23, 1999, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.28 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1999 and incorporated herein by reference).
- 4.29 Promissory Note, dated July 23, 1999, in the amount of \$7,500,000.00, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.29 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1999 and incorporated herein by reference).
- 4.30 Loan Agreement, dated July 23, 2000, by and among Northern Trust Bank of Florida, N.A. as Lender, Sun Hydraulics Corporation as Borrower, and Sun Hydraulik Holdings Limited, Sun Hydraulics Limited and Sun Hydraulik GmbH as Guarantors (previously filed as Exhibit 4.30 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 and incorporated herein by reference).

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- 4.31 First Amendment to Security Agreement, dated July 23, 2000, by and among Northern Trust Bank of Florida, N.A. and Sun Hydraulics Corporation. (previously filed as Exhibit 4.31 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 and incorporated herein by reference).
- 4.32 Master Note, dated July 23, 2000, in the amount of \$7,500,000.00, made by Sun Hydraulics Corporation in favor of Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.32 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000 and incorporated herein by reference).
- 4.33 Amended and restated Loan Agreement by and among Northern Trust Bank of Florida, N.A., Sun Hydraulics Corporation, Sun Hydraulik Holdings Limited, Sun Hydraulics Limited and Sun Hydraulik GmbH dated November 1, 2000 (previously filed as Exhibit 4.33 to the Company's Annual Report on Form 10-K for the year ended December 30, 2000 and incorporated herein by reference.)
- 10.1 Form of Distributor Agreement (Domestic) (previously filed as Exhibit 10.1 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).
- 10.2 Form of Distributor Agreement (International) (previously filed as Exhibit 10.2 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).
- 10.3+ 1996 Sun Hydraulics Corporation Stock Option Plan (previously filed as Exhibit 10.3 in the Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on December 19, 1996 (File No. 333-14183) and incorporated herein by reference).
- 10.4+ Amendment No. 1 to 1996 Stock Option Plan (previously filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference).
- 10.5+ Form of Indemnification Agreement (previously filed as Exhibit 10.4 in the Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on December 19, 1996 (File No. 333-14183) and incorporated herein by reference).

10.6+ Sun Hydraulics Corporation Employee Stock Award Program  
(previously filed as Exhibit 4 to the Company's registration  
statement on Form S-8 filed on July 20, 1999 (file No.  
333-83269), and incorporated herein by reference.)

</TABLE>

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+ Executive management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K.

Report on Form 8-K (dated March 7, 2001) filed March 8, 2001,  
announcing year-end 2000, fourth quarter financial results, and  
quarterly dividend.

#### 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, in the City of  
Sarasota, State of Florida on May 9, 2001.

#### SUN HYDRAULICS CORPORATION

By: /s/ Richard J. Dobbyn

-----  
Richard J. Dobbyn  
Chief Financial Officer (Principal  
Financial and Accounting Officer)

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#### EXHIBIT INDEX

<TABLE>

<CAPTION>

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
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- |     |   |
|-----|---|
| 3.1 | Amended and Restated Articles of Incorporation of the Company<br>(previously filed as Exhibit 3.1 in the Pre-Effective Amendment<br>No. 4 to the Company's Registration Statement on Form S-1 filed<br>on December 19, 1996 (File No. 333-14183) and incorporated<br>herein by reference).  |
| 3.2 | Amended and Restated Bylaws of the Company (previously filed as<br>Exhibit 3.2 in the Pre-Effective Amendment No. 4 to the<br>Company's Registration Statement on Form S-1 filed on December<br>19, 1996 (File No. 333-14183) and incorporated herein by<br>reference).   |
| 4.5 | Mortgage and Security Agreement, dated January 9, 1992, between<br>Suninco, Inc., Sun Hydraulics Corporation, and Northern Trust<br>Bank of Florida, N.A. (previously filed as Exhibit 4.5 in the<br>Company's Registration Statement on Form S-1 filed on October<br>15, 1996 (File No. 333-14183) and incorporated herein by<br>reference). |
| 4.6 | Loan Agreement, dated March 29, 1996, between Suninco, Inc.,<br>Sun Hydraulics Corporation, and Northern Trust Bank of<br>Florida, N.A. (previously filed as Exhibit 4.6 in the<br>Company's Registration Statement on Form S-1 filed on October<br>15, 1996 (File No. 333-14183) and incorporated herein by<br>reference).                   |
| 4.7 | Security Agreement, dated March 29, 1996, between Suninco, Inc.,  |

Sun Hydraulics Corporation, and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.7 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.8 Modification and Additional Advance Agreement, dated March 29, 1996, between Suninco, Inc. and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.8 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.9 Consolidated Note, dated March 29, 1996, in the amount of \$2,475,000.00, given by Suninco, Inc. to Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.9 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.10 Loan Agreement, dated May 20, 1996, between Sun Hydraulics Corporation and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.10 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

</TABLE>

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4.11 Security Agreement, dated May 20, 1996, between Sun Hydraulics Corporation and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.11 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.12 Consolidated Note, dated May 20, 1996, in the amount of \$3,063,157.00, given by Sun Hydraulics Corporation to Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.12 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.13 Loan Agreement, dated June 14, 1996, between Sun Hydraulics Corporation, Suninco Inc., and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.13 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.14 Mortgage, dated June 14, 1996, between Sun Hydraulics Corporation, Suninco Inc., and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.14 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.15 Security Agreement, dated June 14, 1996, between Sun Hydraulics Corporation and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.15 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.16 Promissory Note, dated June 14, 1996, in the amount of \$6,187,000.00, given by Sun Hydraulics Corporation and Suninco, Inc. to Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.16 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

4.17 Revolving Loan Facility letter agreement, dated July 30, 1996, in the amount of (pound)800,000, between Sun Hydraulics Ltd. and Lloyds Bank Plc. (previously filed as Exhibit 4.17 in the

Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

- 4.18 Overdraft and Other Facilities letter agreement, dated June 7, 1996, in an amount not to exceed(pound)250,000, between Sun Hydraulics Ltd. and Lloyds Bank Plc. (previously filed as Exhibit 4.18 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).

</TABLE>

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- 4.19 Mortgage, dated April 11, 1996, between Sun Hydraulik GmbH and Dresdner Bank (previously filed as Exhibit 4.19 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).
- 4.20 Amendment to Recommended Offer by Sun Hydraulics Corporation to acquire the whole of the issued share capital of Sun Hydraulik Holdings Limited, dated December 17, 1996 (previously filed as Exhibit 2.1 in the Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on December 19, 1996 (File No. 333-14183) and incorporated herein by reference).
- 4.21 Master Note, dated February 3, 1997, in the amount of \$10,000,000.00, made by the Company to evidence a line of credit granted to the Company by Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.21 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).
- 4.22 Renewal Master Note, dated February 3, 1998, in the amount of \$10,000,000.00, made by the Company to evidence a line of credit granted to the Company by Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.22 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).
- 4.23 Modification Agreement, dated March 1, 1998, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).
- 4.24 Renewal Master Note, dated as of February 3, 1998, in the amount of \$4,965,524.51, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.24 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1998 and incorporated herein by reference).
- 4.25 Renewal Master Note, dated of February 3, 1999, in the amount of \$4,965,524.51, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.25 to the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 1999 and incorporated herein by reference).
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- 4.27 Loan Agreement, dated July 23, 1999, in the amount of \$7,500,000.00, between the Company and Northern Trust Bank of Florida, N.A. (previously filed as Exhibit 4.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 3, 1999 and incorporated herein by reference).
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- 10.2 Form of Distributor Agreement (International) (previously filed as Exhibit 10.2 in the Company's Registration Statement on Form S-1 filed on October 15, 1996 (File No. 333-14183) and incorporated herein by reference).
- 10.3+ 1996 Sun Hydraulics Corporation Stock Option Plan (previously filed as Exhibit 10.3 in the Pre-Effective Amendment No. 4 to the Company's Registration Statement on Form S-1 filed on December 19, 1996 (File No. 333-14183) and incorporated herein by reference).
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