

CYANOTECH CORP
Form 10-Q
February 12, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For Quarterly Period Ended December 31, 2008

Or

o 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 0-14602

CYANOTECH CORPORATION

(Exact name of registrant as specified in its charter)

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NEVADA
(State or other jurisdiction
of incorporation or organization)

91-1206026
(IRS Employer
Identification Number)

73-4460 Queen Kaahumanu Hwy. #102, Kailua-Kona, HI 96740

(Address of principal executive offices)

(808) 326-1353

(Registrant's telephone number)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer
(Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Number of common shares outstanding as of February 12, 2009:

Title of Class	Shares Outstanding
Common stock - \$0.02 par value	5,245,770

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Part 1. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

CYANOTECH CORPORATION

CONSOLIDATED CONDENSED BALANCE SHEETS

(Dollars in thousands except par value and share amounts)

(unaudited)

	December 31, 2008	March 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 276	\$ 1,090
Accounts receivable, net of allowance for doubtful accounts of \$15 at December 31, 2008 and \$23 at March 31, 2008	2,346	1,934
Inventories	3,100	1,601
Prepaid expenses and other assets	229	263
Total current assets	5,951	4,888
Equipment and leasehold improvements, net	4,276	4,269
Other assets	487	623
Total assets	\$ 10,714	\$ 9,780
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 1,213	\$ 805
Accrued expenses	361	320
Customer deposits		104
Current maturities of long-term debt	605	567
Total current liabilities	2,179	1,796
Long-term debt, less current maturities	1,045	1,505
Other liabilities		100
Total liabilities	3,224	3,401
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Common stock of \$0.02 par value, shares authorized 7,500,000; 5,245,770 and 5,242,270 shares issued and outstanding at December 31, 2008 and March 31, 2008, respectively	105	105
Additional paid-in capital	27,500	27,337
Accumulated deficit	(20,115)	(21,063)
Total stockholders' equity	7,490	6,379

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Total liabilities and stockholders equity	\$	10,714	\$	9,780
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See accompanying Notes to Consolidated Condensed Financial Statements.

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CYANOTECH CORPORATION
 CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
 AND COMPREHENSIVE INCOME (LOSS)

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2008	2007	2008	2007
NET SALES	\$ 3,553	\$ 2,763	\$ 10,528	\$ 7,950
COST OF PRODUCT SALES	1,987	2,410	6,280	6,083
Gross profit	1,566	353	4,248	1,867
OPERATING EXPENSES:				
Research and development	65	22	155	105
Sales and marketing	298	391	820	1,096
General and administrative	647	501	2,220	1,882
Total operating expenses	1,010	914	3,195	3,083
Income (loss) from operations	556	(561)	1,053	(1,216)
OTHER INCOME (EXPENSE):				