

KEY TECHNOLOGY INC
Form 10-Q
August 09, 2013

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

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
for the quarterly period ended June 30, 2013

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 No. 0-21820

KEY TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

Oregon
(State or jurisdiction of
incorporation or organization)

93-0822509
(I.R.S. Employer
Identification No.)

150 Avery Street
Walla Walla, Washington 99362
(Address of principal executive offices and zip code)

(509) 529-2161
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 ý No ``

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý 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 the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting

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company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

The number of shares outstanding of the registrant's common stock, no par value, on July 31, 2013 was 6,168,803 shares.

KEY TECHNOLOGY, INC.
 FORM 10-Q FOR THE THREE MONTHS ENDED JUNE 30, 2013
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PART I

ITEM 1. FINANCIAL STATEMENTS

KEY TECHNOLOGY, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

JUNE 30, 2013 AND SEPTEMBER 30, 2012

	June 30, 2013 (in thousands)	September 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$19,837	\$23,755
Trade accounts receivable, net of allowance for doubtful accounts of \$297 and \$190, respectively	13,922	11,426
Inventories:		
Raw materials	11,699	8,659
Work-in-process and sub-assemblies	10,865	8,656
Finished goods	11,225	5,851
Total inventories	33,789	23,166
Deferred income taxes	4,693	2,854
Prepaid expenses and other assets	4,921	2,992
Total current assets	77,162	64,193
Property, plant and equipment, net	17,768	18,370
Deferred income taxes	473	—
Goodwill	11,446	2,524
Investment in Proditec	1,148	1,153
Intangibles and other assets, net	11,041	115
Total	\$119,038	\$86,355
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$7,100	\$4,550
Accrued payroll liabilities and commissions	8,261	5,194
Customers' deposits	13,338	5,213
Accrued customer support and warranty costs	3,254	2,263
Customer purchase plans	1,673	956
Income taxes payable	1,102	2
Current portion of long-term debt	880	364
Other accrued liabilities	1,312	1,515
Total current liabilities	36,920	20,057
Long-term debt	5,765	4,833
Deferred income taxes	5,148	1,434
Other long-term liabilities	396	601
Shareholders' equity:		
Common stock	29,725	21,806
Warrants	665	—
Retained earnings and other shareholders' equity	40,419	37,624
Total shareholders' equity	70,809	59,430
Total	\$119,038	\$86,355

See notes to unaudited condensed consolidated financial statements.

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KEY TECHNOLOGY, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE THREE MONTHS ENDED JUNE 30, 2013 AND 2012

	2013	2012
	(in thousands, except per share data)	
Net sales	\$39,433	\$34,620
Cost of sales	26,131	24,163
Gross profit	13,302	10,457
Operating expenses:		
Sales and marketing	5,301	4,740
Research and development	2,825	2,492
General and administrative	2,451	2,740
Amortization of intangibles	418	4
Total operating expenses	10,995	9,976
Loss on disposition of assets	(1) (16
Earnings from operations	2,306	465
Other income (expense)	(208) (92
Earnings before income taxes	2,098	373
Income tax expense	654	109
Net earnings	\$1,444	\$264