

KEY TECHNOLOGY INC
Form 10-Q
May 08, 2015

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 March 31, 2015

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 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 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 April 30, 2015 was 6,280,012 shares.

KEY TECHNOLOGY, INC.
 FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2015
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PART I

ITEM 1. FINANCIAL STATEMENTS

KEY TECHNOLOGY, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

MARCH 31, 2015 AND SEPTEMBER 30, 2014

	March 31, 2015 (in thousands)	September 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$8,281	\$9,741
Trade accounts receivable, net of allowance for doubtful accounts of \$358 and \$415, respectively	12,044	12,557
Inventories:		
Raw materials	13,638	10,321
Work-in-process and sub-assemblies	10,064	9,505
Finished goods	6,909	6,847
Total inventories	30,611	26,673
Deferred income taxes	3,740	3,809
Prepaid expenses and other assets	4,036	7,213
Total current assets	58,712	59,993
Property, plant and equipment, net	15,725	16,652
Deferred income taxes	3,073	615
Goodwill	9,967	11,222
Investment in Proditec	1,127	1,127
Intangibles and other assets, net	6,788	8,736
Total	\$95,392	\$98,345
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$9,270	\$6,073
Accrued payroll liabilities and commissions	5,257	5,893
Customers' deposits	6,164	3,702
Accrued customer support and warranty costs	1,889	2,607
Customer purchase plans	1,573	1,523
Income taxes payable	1	2
Current portion of long-term debt	770	804
Other accrued liabilities	695	1,186
Total current liabilities	25,619	21,790
Long-term debt	4,255	4,733
Deferred income taxes	2,340	3,281
Other long-term liabilities	432	373
Shareholders' equity:		
Common stock	31,860	31,414
Warrants	665	665
Retained earnings and other shareholders' equity	30,221	36,089
Total shareholders' equity	62,746	68,168
Total	\$95,392	\$98,345

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 MARCH 31, 2015 AND 2014

	2015	2014	
	(in thousands, except per share data)		
Net sales	\$21,581	\$31,598	
Cost of sales	15,876	21,334	
Gross profit	5,705	10,264	
Operating expenses:			
Sales and marketing	4,124	4,650	
Research and development	2,133	3,142	
General and administrative	1,966	2,992	
Amortization of intangibles	369	439	
Total operating expenses	8,592	11,223	
Loss on disposition of assets	—	(6)
Loss from operations	(2,887)	(965)
Other income (expense)	(62)	(93)
Loss before income taxes	(2,949)	(1,058)
Income tax benefit	(1,002)	(361)
Net loss	\$(1,947)	\$(697)