

KEY TECHNOLOGY INC  
Form 10-Q  
August 07, 2015

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

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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, 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

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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)

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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 July 31, 2015 was 6,380,657 shares.

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KEY TECHNOLOGY, INC.  
 FORM 10-Q FOR THE THREE MONTHS ENDED JUNE 30, 2015  
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## PART I

## ITEM 1. FINANCIAL STATEMENTS

## KEY TECHNOLOGY, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

JUNE 30, 2015 AND SEPTEMBER 30, 2014

	June 30, 2015 (in thousands)	September 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$8,999	\$9,741
Trade accounts receivable, net of allowance for doubtful accounts of \$370 and \$415, respectively	13,132	12,557
Inventories:		
Raw materials	12,949	10,321
Work-in-process and sub-assemblies	10,545	9,505
Finished goods	7,827	6,847
Total inventories	31,321	26,673
Deferred income taxes	3,818	3,809
Prepaid expenses and other assets	5,385	7,213
Total current assets	62,655	59,993
Property, plant and equipment, net	15,392	16,652
Deferred income taxes	2,538	615
Goodwill	10,163	11,222
Investment in Proditec	1,127	1,127
Intangibles and other assets, net	6,652	8,736
Total	\$98,527	\$98,345
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$11,226	\$6,073
Accrued payroll liabilities and commissions	5,096	5,893
Customers' deposits	6,062	3,702
Accrued customer support and warranty costs	2,331	2,607
Customer purchase plans	1,761	1,523
Income taxes payable	1	2
Current portion of long-term debt	770	804
Other accrued liabilities	851	1,186
Total current liabilities	28,098	21,790
Long-term debt	4,085	4,733
Deferred income taxes	2,257	3,281
Other long-term liabilities	380	373
Shareholders' equity:		
Common stock	32,192	31,414
Warrants	665	665
Retained earnings and other shareholders' equity	30,850	36,089
Total shareholders' equity	63,707	68,168
Total	\$98,527	\$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 JUNE 30, 2015 AND 2014

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	2015	2014	
	(in thousands, except per share data)		
Net sales	\$30,810	\$31,292	
Cost of sales	21,573	23,142	
Gross profit	9,237	8,150	
Operating expenses:			
Sales and marketing	4,146	5,126	
Research and development	2,296	3,269	
General and administrative	1,844	2,292	
Amortization of intangibles	356	435	
Total operating expenses	8,642	11,122	
Gain on disposition of assets	8	2	
Earnings (loss) from operations	603	(2,970	)
Other income (expense)	(156	) (93	)
Earnings (loss) before income taxes	447	(3,063	)
Income tax expense (benefit)	152	(1,040	)
Net earnings (loss)	\$295	\$(2,023	)