

KEY TECHNOLOGY INC
Form 10-Q
August 09, 2011

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 June 30, 2011

or

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 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

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to submit and post such files). 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 the 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

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 29, 2011 was 5,334,865 shares.

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PART I

ITEM 1. FINANCIAL STATEMENTS

KEY TECHNOLOGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2011 AND SEPTEMBER 30, 2010

	June 30, 2011	September 30, 2010
	(in thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$31,829	\$29,096
Trade accounts receivable, net of allowance for doubtful accounts of \$309 and \$438, respectively	11,026	13,250
Inventories:		
Raw materials	8,486	6,584
Work-in-process and sub-assemblies	10,463	9,685
Finished goods	4,523	4,922
Total inventories	23,472	21,191
Deferred income taxes	2,612	2,893
Prepaid expenses and other assets	4,441	3,090
Total current assets	73,380	69,520
Property, plant and equipment, net	18,573	16,821
Deferred income taxes	1,715	1,076
Goodwill	2,524	2,524
Investment in Proditex	1,178	1,178
Intangibles and other assets, net	139	148
Total	\$97,509	\$91,267
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$7,425	\$6,461
Accrued payroll liabilities and commissions	5,921	6,606
Customers' deposits	9,452	8,272
Accrued customer support and warranty costs	2,986	2,362
Customer purchase plans	568	934
Income taxes payable	554	589
Current portion of long-term debt	343	333
Other accrued liabilities	2,551	2,488
Total current liabilities	29,800	28,045
Long-term debt	5,283	5,542
Deferred income taxes	2,344	887
Other long-term liabilities	199	455
Shareholders' equity:		
Common stock	20,860	20,006

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Retained earnings and other shareholders' equity	39,023	36,332
Total shareholders' equity	59,883	56,338
Total	\$97,509	\$91,267

See notes to condensed unaudited 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, 2011 AND 2010

	2011	2010
	(in thousands, except per share data)	
Net sales	\$33,800	\$31,640
Cost of sales	21,586	21,185
Gross profit	12,214	10,455
Operating expenses:		
Sales and marketing	4,972	4,450
Research and development	1,800	1,669
General and administrative	2,258	2,175
Amortization of intangibles	4	291
Total operating expenses	9,034	8,585
Gain (loss) on disposition of assets	(1)	92
Earnings from operations	3,179	1,962
Other expense	(174)	(85)
Earnings before income taxes	3,005	1,877
Income tax expense	969	563
Net earnings	\$2,036	\$1,314
Net earnings per share		
- basic	\$0.38	\$0.25
- diluted	\$0.38	