

KEY TECHNOLOGY INC  
Form 10-Q  
May 09, 2008

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

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FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
for the quarterly period ended March 31, 2008

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

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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 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 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):

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting  
company)

Indicated 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, 2008 was 5,626,652 shares.

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 FORM 10-Q FOR THE THREE MONTHS ENDED MARCH 31, 2008  
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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

KEY TECHNOLOGY, INC. AND SUBSIDIARIES  
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2008 AND SEPTEMBER 30, 2007

	March 31 2008	September 30, 2007
	(in thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 25,375	\$ 27,880
Trade accounts receivable	18,577	14,020
Inventories:		
Raw materials	10,174	7,104
Work-in-process and sub-assemblies	6,678	6,803
Finished goods	6,941	4,846
Total inventories	23,793	18,753
Deferred income taxes	2,100	2,120
Prepaid expenses and other assets	2,187	1,954
Total current assets	72,032	64,727
Property, plant and equipment, net	5,528	4,671
Deferred income taxes	13	-
Goodwill, net	2,524	2,524
Intangibles and other assets, net	2,921	3,575
Total	\$ 83,018	\$ 75,497
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,139	\$ 5,692
Accrued payroll liabilities and commissions	6,088	6,663
Customers' deposits	10,374	7,850
Accrued customer support and warranty costs	2,051	1,946
Customer purchase plans	926	651
Income taxes payable	350	181
Other accrued liabilities	529	798
Total current liabilities	27,457	23,781
Long-term deferred rent	603	601
Other long-term liabilities	137	-
Deferred income taxes	309	722
Shareholders' equity:		
Common stock	18,290	17,105
Retained earnings and other shareholders' equity	36,222	33,288
Total shareholders' equity	54,512	50,393
Total	\$ 83,018	\$ 75,497

See notes to condensed unaudited consolidated financial statements.

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KEY TECHNOLOGY, INC. AND SUBSIDIARIES  
 CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2008 AND 2007

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	2008	2007
	(in thousands, except per share data)	
Net sales	\$ 29,110	\$ 22,165
Cost of sales	17,813	13,822
Gross profit	11,297	8,343
Operating expenses:		
Sales and marketing	4,989	4,193
Research and development	1,940	1,173
General and administrative	2,793	1,960
Amortization of intangibles	327	327
Total operating expenses	10,049	7,653
Gain on sale of assets	-	1
Earnings from operations	1,248	691
Other income	506	229
Earnings before income taxes	1,754	920
Income tax expense	561	312
Net earnings	\$	