

ACCURAY INC
Form 10-Q
February 05, 2009
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**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 December 27, 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 Number: 001-33301

ACCURAY INCORPORATED

(Exact Name of Registrant as Specified in Its Charter)

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Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

20-8370041
(IRS Employer Identification Number)

1310 Chesapeake Terrace
Sunnyvale, California 94089

(Address of Principal Executive Offices Including Zip Code)

(408) 716-4600

(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 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 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
(Do not check if a smaller reporting company)

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

As of January 30, 2009, there were 55,636,699 shares of the Registrant's Common Stock, par value \$0.001 per share, outstanding.

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Form 10-Q for the Quarter Ended December 31, 2008

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Accuray Incorporated****Condensed Consolidated Balance Sheets**

(in thousands, except share amounts)

(unaudited)

	December 31, 2008	June 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 29,373	\$ 36,936
Restricted cash	581	4,830
Short-term available-for-sale securities	80,242	85,536
Accounts receivable, net of allowance for doubtful accounts of \$195 at December 31, 2008 and \$27 at June 30, 2008	40,935	33,918
Inventories	24,080	23,047
Prepaid expenses and other current assets	8,824	6,431
Deferred cost of revenue - current	21,968	31,667
Total current assets	206,003	222,365
Long-term available-for-sale securities	22,947	37,014
Long-term trading securities	21,540	
Deferred cost of revenue - noncurrent	12,209	11,724
Property and equipment, net	16,158	17,140
Goodwill	4,495	4,495
Intangible assets, net	797	926
Other assets	1,402	1,340
Total assets	\$ 285,551	\$ 295,004
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 9,329	\$ 12,962
Accrued compensation	10,256	7,504
Other accrued liabilities	6,457	4,369
Customer advances - current	17,408	22,331
Deferred revenue - current	69,453	87,455
Total current liabilities	112,903	134,621
Long-term liabilities:		
Customer advances - noncurrent	1,500	2,900
Deferred revenue - noncurrent	28,538	26,720
Total liabilities	142,941	164,241
Commitments and contingencies (Note 7)		
Stockholders' equity		
Preferred stock, \$0.001 par value; authorized: 5,000,000 shares; no shares issued and outstanding		

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Common stock, \$0.001 par value; authorized: 100,000,000 shares; issued: 57,697,449 and 56,719,864 shares at December 31, 2008 and June 30, 2008, respectively; outstanding: 55,557,431 and 54,579,846 shares at December 31, 2008 and June 30, 2008, respectively

	56	55
Additional paid-in capital	264,970	252,901
Accumulated other comprehensive income (loss)	539	(1,067)
Accumulated deficit	(122,955)	(121,126)
Total stockholders' equity	142,610	130,763
Total liabilities and stockholders' equity	\$ 285,551	\$ 295,004

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**Accuray Incorporated****Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2008	2007	2008	2007
Net revenue:				
Products	\$ 41,301	\$ 39,131	\$ 78,756	\$ 76,115
Shared ownership program	876	3,044	1,912	5,356
Services	13,922	8,950	29,829	15,949
Other	1,538	913	2,997	3,264
Total net revenue	57,637	52,038	113,494	100,684
Cost of revenue:				
Cost of products	17,520	16,481	32,264	32,921
Cost of shared ownership program	207	760	469	1,472
Cost of services	8,972	6,391	20,157	10,849
Cost of other	1,529	544	2,766	1,669
Total cost of revenue	28,228	24,176	55,656	46,911
Gross profit	29,409	27,862	57,838	53,773
Operating expenses:				
Selling and marketing	10,723	11,167	24,203	21,323
Research and development	8,794	8,128	17,548	15,843
General and administrative	9,259	7,976	19,692	15,877
Total operating expenses	28,776	27,271	61,443	53,043
Income (loss) from operations	633	591	(3,605)	730
Other income, net	748	2,197	1,861	4,809
Income (loss) before provision for income taxes	1,381	2,788	(1,744)	5,539
Provision for income taxes	31	445	85	931
Net income (loss)	\$ 1,350	\$ 2,343	\$ (1,829)	\$ 4,608
Net income (loss) per share:				
Basic net income (loss) per share	\$ 0.02	\$ 0.04	\$ (0.03)	\$ 0.08
Shares used in computing basic net earnings per share	55,064	54,737	54,845	54,380
Diluted net income (loss) per share	\$ 0.02	\$ 0.04	\$ (0.03)	\$ 0.08
Shares used in computing diluted net earnings per share	58,267	61,293	54,845	61,257
Cost of revenue, selling and marketing, research and development, and general and administrative expenses include stock-based compensation charges as follows:				
Cost of revenue	\$ 547	\$ 530	\$ 1,179	\$ 851
Selling and marketing	\$ 935	\$ 1,039	\$ 1,980	\$ 2,146
Research and development	\$ 751	\$ 803	\$ 1,533	\$ 1,478
General and administrative	\$ 1,348	\$ 1,911	\$ 3,860	\$ 4,112

The accompanying notes are an integral part of these condensed consolidated financial statements.

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Accuray Incorporated

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Six Months Ended December 31,	
	2008	2007
Cash Flows From Operating Activities		
Net income (loss)	\$ (1,829)	\$ 4,608
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization		