

ACCURAY INC
Form 10-Q
January 27, 2011
Table of Contents

**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 31, 2010

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)

Edgar Filing: ACCURAY INC - Form 10-Q

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 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 (§ 229.405 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 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

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

As of January 12, 2011, there were 61,912,268 shares of the Registrant's Common Stock, par value \$0.001 per share, outstanding.

Table of Contents

Accuray Incorporated

Form 10-Q for the Quarter Ended December 31, 2010

Table of Contents

	Page No.
<u>PART I.</u> <u>Financial Information</u>	3
<u>Item 1.</u> <u>Condensed Consolidated Financial Statements (unaudited):</u>	3
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2.</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
<u>Item 3.</u> <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
<u>Item 4.</u> <u>Controls and Procedures</u>	30
<u>PART II.</u> <u>Other Information</u>	31
<u>Item 1.</u> <u>Legal Proceedings</u>	31
<u>Item 1A.</u> <u>Risk Factors</u>	31
<u>Item 2.</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	50
<u>Item 3.</u> <u>Defaults Upon Senior Securities</u>	51
<u>Item 4.</u> <u>(Removed and Reserved)</u>	51
<u>Item 5.</u> <u>Other Information</u>	51
<u>Item 6.</u> <u>Exhibits</u>	51
<u>Signatures</u>	52

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

(in thousands, except share and per share amounts)

(unaudited)

	December 31, 2010	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 49,513	\$ 45,434
Restricted cash	22	22
Short-term available-for-sale securities	102,427	99,881
Accounts receivable, net of allowance for doubtful accounts of \$251 and \$115 at December 31, 2010 and June 30, 2010, respectively	29,856	37,955
Inventories	35,646	28,186
Prepaid expenses and other current assets	8,608	19,356
Deferred cost of revenue - current	4,892	7,889
Total current assets	230,964	238,723
Deferred cost of revenue - noncurrent	2,385	3,213
Property and equipment, net	16,590	14,684
Goodwill	4,495	4,495
Intangible assets, net	259	388
Other assets	1,727	1,681
Total assets	\$ 256,420	\$ 263,184
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 8,447	\$ 10,317
Accrued compensation	9,540	10,786
Other accrued liabilities	7,285	10,669
Customer advances	13,784	12,884
Deferred revenue - current	34,838	42,019
Total current liabilities	73,894	86,675
Long-term liabilities:		
Long-term other liabilities	1,030	1,059
Deferred revenue - noncurrent	3,905	5,374
Total liabilities	78,829	93,108
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized: 5,000,000 shares; no shares issued and outstanding		

Edgar Filing: ACCURAY INC - Form 10-Q

Common stock, \$0.001 par value; authorized: 100,000,000 shares; issued: 61,865,443 and 60,666,974 shares at December 31, 2010 and June 30, 2010, respectively; outstanding: 59,725,425 and 58,526,956 shares at December 31, 2010 and June 30, 2010, respectively

	60	59
Additional paid-in capital	295,801	287,764
Accumulated other comprehensive loss	(25)	(71)
Accumulated deficit	(118,245)	(117,676)
Total stockholders' equity	177,591	170,076
Total liabilities and stockholders' equity	\$ 256,420	\$ 263,184

Condensed consolidated balance sheet at June 30, 2010 has been derived from audited consolidated financial statements.

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,	
	2010	2009	2010	2009
Net revenue:				
Products	\$ 34,391	\$ 35,686	\$ 53,666	\$ 66,032
Shared ownership programs	880	456	1,521	937
Services	18,846	20,688	36,580	40,342
Other	129			