

AMTECH SYSTEMS INC
Form 10-Q
February 09, 2010

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended: December 31, 2009
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: 0-11412

AMTECH SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Arizona
(State or other jurisdiction of
incorporation or organization)

86-0411215
(I.R.S. Employer
Identification No.)

131 South Clark Drive, Tempe, Arizona
(Address of principal executive offices)

85281
(Zip Code)

Registrant's telephone number, including area code: 480-967-5146

Indicate by a 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 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, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" 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

Shares of Common Stock outstanding as of February 1, 2010: 9,017,352

AMTECH SYSTEMS, INC. AND SUBSIDIARIES
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PART I FINANCIAL INFORMATION

ITEM 1. Condensed Consolidated Financial Statements

AMTECH SYSTEMS, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands except share data)

	December 31, 2009 (Unaudited)	September 30, 2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 42,475	\$ 42,298
Restricted cash	2,314	1,496
Accounts receivable		
Trade (less allowance for doubtful accounts of \$259 and \$465 at December 31, 2009 and September 30, 2009, respectively)	7,482	8,409
Unbilled and other	4,851	5,156
Inventories	12,310	13,455
Deferred income taxes	2,190	2,290
Other	1,688	841
Total current assets	73,310	73,945
Property, Plant and Equipment - Net	8,394	8,477
Deferred Income Taxes - Long Term	1,260	1,140
Intangible Assets - Net	3,652	3,828
Goodwill	5,058	5,136
Other Assets	25	-
Total Assets	\$ 91,699	\$ 92,526

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

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
 Condensed Consolidated Balance Sheets
 (in thousands except share data)

	December 31, 2009 (Unaudited)	September 30, 2009
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 4,342	\$ 4,181
Bank loans and current maturities of long-term debt	121	121
Accrued compensation and related taxes	2,546	2,877
Accrued warranty expense	1,215	1,429
Deferred profit	4,432	4,727
Customer deposits	3,297	2,861
Other accrued liabilities	1,462	1,721
Income taxes payable	10	160
Total current liabilities	17,425	18,077
Income Taxes Payable Long-term	490	480
Long-Term Obligations	132	164
Total liabilities	18,047	18,721
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock; 100,000,000 shares authorized; none issued	-	-
Common stock; \$0.01 par value; 100,000,000 shares authorized; shares issued and outstanding: 9,002,652 and 8,961,494 at December 31, 2009 and September 30, 2009, respectively	90	90
Additional paid-in capital	70,817	70,403
Accumulated other comprehensive income	14	661
Retained Earnings	2,731	2,651
Total stockholders' equity	73,652	73,805
Total Liabilities and Stockholders' Equity	\$ 91,699	\$ 92,526

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

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
 Condensed Consolidated Statements of Operations
 (Unaudited)
 (in thousands, except per share data)

	Three Months Ended December 31,	
	2009	2008
Revenues, net of returns and allowances	\$ 15,457	\$ 17,872
Cost of sales	10,857	11,786
Gross profit	4,600	6,086
Selling, general and administrative	3,975	4,483
Research and development	497	224
Operating income	128	1,379
Interest and other income, net	2	61
Income before income taxes	130	1,440
Income tax provision	50	580
Net income	\$ 80	\$ 860
Earnings Per Share:		
Basic income per share	\$ 0.01	\$ 0.09
Weighted average shares outstanding	8,972	9,098
Diluted income per share	\$ 0.01	\$ 0.09
Weighted average shares outstanding	9,059	9,109

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

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements Of Cash Flows
(Unaudited)
(in thousands)

	Three Months Ended December 31,	
	2009	2008
Operating Activities		
Net income	\$ 80	\$ 860
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	424	363
Write-down of inventory	124	119
Deferred income taxes	(31)	(374)
Non-cash share based compensation expense	377	166
Provision for (reversal of) allowance for doubtful accounts	(122)	66
Changes in operating assets and liabilities:		
Restricted cash	(867)	1,466
Accounts receivable	1,171	890
Inventories	846	(935)
Accrued income taxes	(180)	623
Prepaid expenses and other assets	(902)	(687)
Accounts payable	222	(135)
Accrued liabilities and customer deposits	(225)	(2,019)
Deferred profit	(218)	736
Net cash provided by operating activities	699	1,139
Investing Activities		
Purchases of property, plant and equipment	(373)	(222)
Payment for licensing agreement	-	(300)
Net cash used in investing activities	(373)	(522)
Financing Activities		
Proceeds from issuance of common stock	37	-
Payments on long-term obligations	(31)	(62)
Net cash provided by (used in) financing activities	6	(62)
Effect of Exchange Rate Changes on Cash	(155)	355
Net Increase in Cash and Cash Equivalents	177	910
Cash and Cash Equivalents, Beginning of Period	42,298	37,501
Cash and Cash Equivalents, End of Period	\$ 42,475	\$ 38,411
Supplemental Cash Flow Information:		
Interest paid	\$ 4	\$ 8
Income tax refunds	\$ 21	\$ 131
Income tax payments	\$ 288	\$ 345
Supplemental Non-cash Investing Activities:		
Transfer inventory to capital equipment	\$ -	\$ 116
Intangible assets funded with current liabilities	\$ -	\$ 500

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

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AMTECH SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED DECEMBER 31, 2009 AND 2008
(UNAUDITED)

I. Basis of Presentation

Nature of Operations and Basis of Presentation – Amtech Systems, Inc. (the “Company”) designs, assembles, sells and installs capital equipment and related consumables used in the manufacture of solar cells, semiconductors, and wafers of various materials, primarily for the solar and semiconductor industries. The Company sells these products worldwide, particularly in Asia, the United States and Europe. In addition, the Company provided semiconductor manufacturing support services until November 2009.

The Company serves niche markets in industries that are experiencing rapid technological advances, and which historically have been very cyclical. Therefore, future profitability and growth depend on the Company’s ability to develop or acquire and market profitable new products, and on its ability to adapt to cyclical trends.

The accompanying unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”), and consequently do not include all disclosures normally required by U.S. generally accepted accounting principles. In the opinion of management, the accompanying unaudited interim condensed consolidated financial statements contain all adjustments necessary, all of which are of a normal recurring nature, to present fairly our financial position, results of operations and cash flows. Certain information and note disclosures normally included in financial statements have been condensed or omitted pursuant to the rules and regulations of the SEC. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009.

The condensed consolidated results of operations for the three months ended December 31, 2009, are not necessarily indicative of the results to be expected for the full fiscal year.

Use of Estimates –The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition –Revenue is recognized upon shipment of the Company’s proven technology equal to the sales price less the greater of (i) the fair value of undelivered services and (ii) the contingent portion of the sales price, which is generally 10-20% of the total contract price. The entire cost of the equipment relating to proven technology is recorded upon shipment. The remaining contractual revenue, deferred costs and installation costs are recorded upon successful installation of the product.

For purposes of revenue recognition, proven technology means the Company has a history of at least t