

ACCURAY INC  
Form 10-Q  
March 15, 2007

**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 30, 2006

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)

**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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer  Accelerated filer  Non-accelerated filer

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 March 1, 2007, there were 53,326,826 shares of the registrant's Common Stock, par value \$0.001 per share, outstanding.

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Accuray Incorporated

Form 10-Q for the Quarter Ended December 31, 2006

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

(in thousands, except share amounts)

	<b>December 31, 2006 (unaudited)</b>	<b>June 30, 2006</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 15,865	\$ 27,856
Restricted cash		1
Accounts receivable, net of allowance for doubtful accounts of \$20 at December 31, 2006 and June 30, 2006	18,841	11,698
Inventories	14,940	10,100
Prepaid expenses and other current assets	6,456	3,512
Deferred cost of revenue - current	10,106	4,810
Total current assets	66,208	57,977
Property and equipment, net	23,440	21,945
Goodwill	4,495	4,495
Intangible assets, net	1,317	1,446
Deferred cost of revenue - non-current	46,575	51,778
Other assets	1,688	982
Total assets	\$ 143,723	\$ 138,623
<b>Liabilities, temporary equity and stockholders' equity (deficiency)</b>		
Current liabilities:		
Accounts payable	\$ 8,547	\$ 4,726
Accrued compensation	7,493	8,561
Other accrued liabilities	5,617	6,494
Customer advances - current	13,802	10,338
Deferred revenue - current	36,223	31,641
Total current liabilities	71,682	61,760
Long-term liabilities:		
Customer advances - non-current	10,601	12,191
Deferred revenue - non-current	116,053	118,023
Total liabilities	198,336	191,974
Commitments and contingencies (Note 6)		
Temporary equity		
Redeemable convertible preferred stock, no par value; authorized: 30,000,000 shares; issued and outstanding: 17,419,331 at December 31, 2006 and June 30, 2006; liquidation amount: \$42,934 and \$40,354 at December 31, 2006 and June 30, 2006, respectively.	27,504	27,504
Stockholders' equity (deficiency)		
Common stock, no par value; authorized: 70,000,000 shares; issued and outstanding: 16,206,327 and 16,243,150 shares at December 31, 2006 and June 30, 2006, respectively.	12,876	13,276
Additional paid-in capital	30,966	43,988
Notes receivable from stockholders		(206)
Deferred stock-based compensation		(17,272)
Accumulated other comprehensive income	15	
Accumulated deficit	(125,974)	(120,641)
Total stockholders' equity (deficiency)	(82,117)	(80,855)
Total liabilities, temporary equity and stockholders' equity (deficiency)	\$ 143,723	\$ 138,623

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



**Accuray Incorporated**

**Condensed Consolidated Statements of Operations**

(in thousands, except per share amounts)

(unaudited)

	<b>Three months ended December 31,</b>		<b>Six months ended December 31,</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Net revenue:				
Products				