FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

Filing Date: **1995-07-28** | Period of Report: **1994-10-01**
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FILER

ILC TECHNOLOGY INC

CIK:**719625**| IRS No.: **941655721** | State of Incorp.:**CA** | Fiscal Year End: **0930**
Type: **10-K/A** | Act: **34** | File No.: **000-11360** | Film No.: **95556970**
SIC: **3674** Semiconductors & related devices

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K/A
Amendment No. 2

(Mark One)
[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended October 1, 1994
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from to

Commission file number 0-11360

ILC TECHNOLOGY, INC.
(Exact name of registrant as specified in its charter)

California	94 -1655721
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

399 Java Drive, Sunnyvale, California 94089
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (408) 745-7900

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	

Securities registered pursuant to Section 12(g) of the Act:

Common Stock
(Title of Class)

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 such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant, based upon the closing price of the Common Stock on December 12, 1994, was approximately $35,408,734. Shares of Common Stock held by each officer and director and by each person who owns 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the registrant's Common Stock on December 12, 1994 was 4,532,711.

Parts of the following documents are incorporated by reference into Part III of this Annual Report and Form 10-K: (1) Proxy Statement for registrant's 1994 Annual Meeting of Shareholders.

ILC TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
OCTOBER 1, 1994 AND OCTOBER 2, 1993

ASSETS

	1994	1993
Current assets:		
Cash and cash equivalents	$ 2,461,549	$ 2,993,998
Marketable securities	998,129	1,436,207
Accounts receivable, less allowance for doubtful accounts of $332,803 and $219,128, respectively	6,956,981	8,020,263
Receivable from long-term contracts	824,007	370,836
Inventories	7,192,197	7,324,889
Deferred tax asset	2,405,000	691,000
Prepaid expenses	542,801	321,879
Total current assets	21,380,664	21,159,072
Property and equipment, net	17,688,277	13,008,041
Deposit on land and building purchase	1,300,000	-
Goodwill, net of accumulated amortization of 331,605, in fiscal 1993	-	2,321,248
Covenants-not-to-compete, net of accumulated amortization and writedown of $2,145,473 and $702,042, respectively	1,406,692	2,849,001
Other assets	221,789	404,483
	$41,997,422	$39,741,845

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

ILC TECHNOLOGY, INC.
CONSOLIDATED BALANCE SHEETS
OCTOBER 1, 1994 AND OCTOBER 2, 1993

LIABILITIES AND STOCKHOLDERS' EQUITY

	1994	1993
Current liabilities:		
Accounts payable	$3,921,112	$4,007,623
Accrued payroll and related items	1,765,605	1,577,555
Other accrued liabilities	1,144,184	1,201,710
Current portion of non-compete obligation	520,000	520,000
Current portion of long-term debt	2,196,494	1,374,696
Accrued income taxes payable	2,405,000	691,000
Total current liabilities	11,952,395	9,372,584
Long-term liabilities:		
Long-term debt	5,096,494	4,374,695
Non-compete obligation	910,000	1,430,000
Other accruals	414,844	-

Total long-term liabilities	6,421,338	5,804,695
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, no par value; 10,000,000 shares authorized; 4,522,951 shares and 4,619,476 shares outstanding in 1994 and 1993, respectively	5,492,338	6,623,828
Retained earnings	18,131,351	17,940,738
Total stockholders' equity	23,623,689	24,564,566
	$41,997,422	$39,741,845

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

<TABLE>

ILC TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE FISCAL YEARS ENDED OCTOBER 1, 1994

<CAPTION>

<S>	<C> 1994	<C> 1993	<C> 1992
Net sales	$52,022,328	$51,996,509	$40,884,919
Costs and expenses:			

Cost of sales	35,287,928	34,818,944	26,374,444
Research and development	3,998,136	2,767,448	1,296,879
Sales and marketing	2,271,099	2,641,810	2,079,958
General and administrative	5,218,701	3,936,940	3,557,453
Amortization and writedown of intangibles	3,764,678	756,712	278,058
	50,540,542	44,921,854	33,586,792
Income from operations	1,481,786	7,074,655	7,298,127
Other (income) expense:			
Interest, net	139,173	(113,598)	(99,947)
Rental operations, net	-	77,582	(99,172)
	139,173	(36,016)	(199,119)
Income before provision for income taxes	1,342,613	7,110,671	7,497,246
Provision for income taxes	1,152,000	2,352,000	2,547,000
Net income	$ 190,613	$4,758,671	$4,950,246
Net income per share	$ 0.04	$ 0.96	$ 1.00
Weighted average shares outstanding used to compute net income per share	4,825,009	4,979,529	4,956,418

The accompanying notes are an integral part of these financial statements.
</TABLE>

<TABLE>

ILC TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY
FOR THE THREE FISCAL YEARS ENDED OCTOBER 1, 1994
<CAPTION>

<S>	<C> Common Shares	<C> Common Stock Amount	<C> Retained Earnings	<C> Total
Balance at September 28, 1991	$4,536,186	$6,221,407	$8,231,821	$14,453,228
Net income	-	-	4,950,246	4,950,246
Issuance of common stock under stock purchase plan	7,859	80,167	-	80,167
Excercise of stock options	30,650	94,658	-	94,658
	--------	------	---------	-------
Balance at October 3, 1992	4,574,695	6,396,232	13,182,067	19,578,299
Net income	-	-	4,758,671	4,758,671
Issuance of common stock under stock purchase plan	14,281	134,283	-	134,283
Exercise of stock options	30,500	93,313	-	93,313
	----------	--------	----------	--------
Balance at October 2, 1993	4,619,476	6,623,828	17,940,738	24,564,566
Net income	-	-	190,613	190,613
Issuance of common stock under stock purchase plan	25,475	196,590	-	196,590

Exercise of stock options	82,000	227,420	-	227,420
Repurchase of common stock	(204,000)	(1,555,500)	-	(1,555,500)
Balance at October 1, 1994	4,522,951	$5,492,338	$18,131,351	$23,623,689

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

</TABLE>

<TABLE>

ILC TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE FISCAL YEARS ENDED OCTOBER 1, 1994

<CAPTION>

<S>	<C> 1994	<C> 1993	<C> 1992
Cash flows from operating activities:			
Net Income	$190,613	$4,758,671	4,950,246
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,115,236	1,033,104	982,885
Provision for doubtful accounts and note	383,902	(98,769)	128,896
Provision for inventory obsolescence	1,772,346	(22,125)	(65,039)
Net loss on property and			

equipment sold or retired	3,839	68,687	56,734
Amortization of deferred gain on sale and leaseback	-	-	(454,087)
Amortization and write down of non-compete agreements	1,442,309	491,428	211,737
Amortization and write down of goodwill	2,321,248	265,284	66,321
Changes in assets and liabilities, net of acquisitions:			
(Increase) decrease in accounts receivable	226,209	(1,150,930)	54,461
Increase in inventories	(1,639,654)	(148,901)	(1,161,066)
(Increase) decrease in prepaid expenses	(220,922)	(198,491)	28,423
Decrease in other assets	182,694	133,572	105,421
Increase (decrease) in accounts payable	(86,511)	263,444	(400,884)
Increase (decrease) in accrued liabilities	545,369	(49,438)	520,387
Total adjustments	6,046,065	586,865	74,189
Net cash provided by operating activities	6,236,678	5,345,536	5,024,435
Cash flows from investing activities:			
Purchase of stock of Precision Lamp, Inc. plus expenses of acquisition, net of cash acquired	-	-	(4,447,092)
Purchase of land and real estate	(3,012,844)	(7,600,000)	-
Deposit on land and building purchase	(1,300,000)	-	-
(Increase) decrease in marketable securities	438,078	475,704	(1,911,911)

Capital expenditures	(2,634,348)	(1,466,924)	(808,315)
Net cash used in investing activities	(6,509,114)	(8,591,220)	(7,167,318)

The accompanying notes are an integral part of these financial statements.
</TABLE>

<TABLE>

ILC TECHNOLOGY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE FISCAL YEARS ENDED OCTOBER 1, 1994
(continued)

<CAPTION>

<S>	<C> 1994	<C> 1993	<C> 1992
Cash flows from financing activities:			
New borrowings under equipment line	$1,090,702	717,336	$291,322
Principal repayments under equipment line	(499,225)	(453,940)	(353,916)
Principal borrowings under term loan	1,333,333	5,000,000	-
Principal repayments under term loan	(533,333)	-	-
Principal payments under long-term severance agreement	-	-	(57,292)
Payments under non-compete agreement	(520,000)	(520,000)	(130,000)
Proceeds from issuance of common stock	424,010	227,596	174,825
Repurchase of common stock	(1,555,500)	-	-
Net cash provided by (used in) financing activities	(260,013)	4,970,992	(75,061)
Net increase (decrease) in cash and cash equivalents	(532,449)	1,725,308	(2,217,944)
Cash and cash equivalents at beginning of year	2,993,998	1,268,690	3,486,634

Cash and cash equivalents at end of year	$2,461,549	$2,993,998	$1,268,690

Supplemental disclosures of cash flow information:

	1994	1993	1992
Cash paid during the year for:			
Interest expense	$338,751	$77,925	$60,640
Income taxes	2,500,539	2,213,100	1,669,744

Supplemental disclosures of noncash investing and financing activities:

A capital lease obligation of $174,268 was incurred in fiscal 1994 when the Company entered into a capital lease for new computer equipment.

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

</TABLE>

ILC TECHNOLOGY, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 1, 1994

1. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements include the accounts of ILC Technology, Inc. (the "Company") and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated.

The Company's fiscal year end is the Saturday closest to September 30.

Certain items in the fiscal 1993 financial statements have been reclassified to be consistent with the fiscal 1994 financial statements.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with an original maturity of less than three months at the time of issue to be cash equivalents.

Marketable Securities

Effective October 3, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 115, "Accounting For Certain Investments in Debt and Equity Securities". The adoption of this statement did not materially impact the Company's results from operations or financial position. Marketable securities at October 1, 1994 are being accounted for as trading securities and are therefore valued at fair market value in the accompanying balance sheet. The change in the net unrealized holding loss, which has been included in fiscal 1994 income, was approximately $80,000 during fiscal 1994.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market, and include material, labor and manufacturing overhead. Inventories at October 1, 1994 and October 2, 1993, net of inventory reserves of $2,533,233 and $1,523,972, respectively, consisted of:

	1994	1993
Raw materials	$ 3,393,249	$ 4,037,207
Work-in-process	2,556,006	2,370,654
Finished goods	1,242,942	917,028
Total inventories	$ 7,182,197	$ 7,324,889

Developmental and Manufacturing Contracts

The Company contracts with the U.S. Government and other customers for the development and manufacturing of various products under both cost-plus-fixed-fee and fixed-price contracts. Revenues are recognized under these contracts using the percentage of completion method, whereby revenues are reported in the proportion that costs incurred bear to the total estimated costs for each contract. Periodic reviews of estimated total costs during the performance of such contracts may result in revisions of contract estimates in subsequent periods. Any loss contracts are reserved at the time such losses are determined. Revenues from these contracts were less than 10% of net revenues during 1994, 1993 and 1992.

Depreciation and Amortization
- -----------------------------

Depreciation and amortization on property and equipment are provided on a straight-line basis over estimated useful lives of 3 to 31.5 years, except for leasehold improvements which are amortized over the terms of the leases.

1. Summary of Significant Accounting Policies (continued)

Net Income Per Share
- --------------------

Net income per share is computed based on the weighted average number of common shares and common equivalent shares (when such equivalents have a dilutive effect) outstanding during the period. Fully diluted net income per share is not significantly different from net income per share as reported.

Intangible Assets
- -----------------

The Company has certain intangible assets as a result of its acquisition of two subsidiaries (see Note 10). Subsequent to these acquisitions, the Company continually evaluates whether later events and circumstances have occurred that indicate the remaining estimated useful lies of these intangibles may warrant revision or that the remaining balances of intangibles may not be recoverable. When factors indicate that intangibles should be evaluated for possible impairment, the Company uses an estimate of the related subsidiary's undiscounted cash flow over the remaining life of the intangibles in measuring whether the intangibles are recoverable.

Goodwill is being amortized over a ten year period. Covenants-not-to-compete are amortized over the period of the covenant.

Foreign Exchange Contracts
- --------------------------

The Company enters into forward exchange contracts to reduce its exposure to currency exchange risk for purchases from one Japanese vendor. The effect of this practice is to minimize the impact of foreign exchange rate movements on the Company's operating results. The Company's hedging activities do not subject the Company to exchange rate risk, as gains and losses on these contracts offset losses and gains on the liabilities being hedged.

At October 1, 1994, the Company had forward exchange contracts maturing from October 1994 to December 1994 to purchase 74,480,000 Japanese yen ($760,000).

2. Revenues

The Company operates in a single industry segment, the designing, developing, manufacturing and marketing of high performance light source products. Revenues are geographically summarized as follows (in thousands):

<TABLE>

	1994	1993	1992
United States	$31,627	$ 29,994	$ 27,538
Europe	4,435	5,188	4,653
Asia	15,794	16,447	8,472
Other international	166	368	222
Total revenues	$ 52,022	$ 51,997	$ 40,885

Customers comprising more than 10% of net sales are as follows:

	1994	1993	1992
Customer A	17.6%	19%	11%
Customer B	12.8%	17%	*

*less than 10% of net sales
</TABLE>

The Company provides credit in the form of trade accounts receivable to its customers. The Company does not generally require collateral to support customer receivables. The Company performs ongoing credit evaluations of its customers and maintains allowances which management believes are adequate for potential credit losses.

3. Property and Equipment

Property and equipment at October 1, 1994 and October 2, 1993 consisted of:

Property and equipment, at cost:		
Machinery and equipment	$ 11,856,023	$ 10,497,434
Land and buildings	11,229,341	8,144,406
Furniture and fixtures	463,910	389,318
Equipment under capital lease	174,268	211,823
Leasehold improvements	209,830	157,358
Construction-in-progress	1,939,963	1,074,690
	25,873,335	20,475,029
Less accumulated depreciation and amortization	(8,185,058)	(7,466,988)
Property and equipment, net	$ 17,688,277	$ 13,008,041

In August 1993, the Company purchased two adjacent buildings in Sunnyvale, California, which house the manufacturing activities and the Corporate offices of the Company. The purchase price was $7,600,000, of which $2,600,000 was paid in cash and $5,000,000 was borrowed from a bank for a five year term. In June 1994, the Company purchased a 36,000 square foot facility in Cambridge, England to expand the manufacturing activities of Q-Arc. The purchase price was approximately $2,700,000 of which the majority was paid in cash. In September 1994, the Company purchased a 20,000 square foot facility in Santa Clara, California to be used primarily for the manufacture of short-arc lamps used in the processing of semiconductor materials and for the manufacture of capillary lamps used in microlithography. The purchase also included manufacturing equipment and a short arc product line and associated backlog. The total purchase price for the land, building, equipment and product line was $3,200,000, of which $1,300,000 was paid as a deposit in September 1994 and the balance of $1,900,000 was paid on October 4, 1994 when escrow closed.

4. Bank Borrowings

The Company has a $2 million line of credit available with a bank which expires in January 1996. Borrowings under this line are at 2% above the LIBOR rate (London Interbank Offer Rate) (7% at October 1, 1994) and are limited to 75% of eligible accounts receivable. Under the covenants of the loan agreement, unless written approval from the bank is obtained, the Company is restricted from entering into certain transactions and is required to maintain certain specified financial covenants, profitability and compensating balances which do not restrict the use of cash. At October 1, 1994, the Company was not in compliance with the current ratio requirement but a waiver has been obtained through fiscal 1995.

The average balance outstanding (based on month-end balances) under the line of credit in 1993 was $50,000. The maximum borrowings were $600,000 at an average interest rate of 6.0% for 1993. There were no borrowings under the line of credit in fiscal 1994, nor were there any amounts outstanding as of October 1, 1994 or October 2, 1993.

In addition, in connection with the purchase of its manufacturing facilities (Note 3) the Company entered into a term note with a bank for $5,000,000, which was subsequently increased to $6,333,333, in 1994. The note matures in August, 1998. The term loan requires monthly principal payments equal to one- forty-eighth of the principal amount plus interest at 2% above the LIBOR rate (London Interbank Offer Rate) (7% at October 1, 1994). The term loan is a reducing revolving credit facility which allows for principal pre- payments and the flexibility for re-borrowing up to the maximum amount that would be outstanding under the term loan given normal amortization to the date of re-borrowing.

The Company also has available a $1.5 million equipment line of credit for 100% of the purchase cost of new equipment, which expires in January 1995. Borrowings under this line bear interest at 2% above the LIBOR rate (7% at October 1, 1994), with principal balances amortized over a 2 year period. At October 1, 1994, the Company had approximately $943,000 available for future borrowings under this line of credit.

4. Bank Borrowings (continued)

As of October 1, 1994 and October 2, 1993, borrowings outstanding under the term loan and equipment line of credit consisted of:

	1994	1993
Term note	$ 5,800,000	$ 5,000,000
Equipment line-of-credit	1,340,869	749,391
Other capital lease	152,119	-
	7,292,988	5,749,391
Less: current portion	2,196,494	1,374,696
Long-term debt	$ 5,096,494	$ 4,374,695

Aggregate maturities for long-term debt during the next four years are approximately: 1995 - $2,196,000, 1996 - $2,197,000, 1997 - $1,450,000 and 1998 - - $1,450,000.

All of the above credit facilities are secured by all of the property of the Company.

5. Income Taxes

Through October 2, 1993, the Company accounted for income taxes pursuant to SFAS No. 96. Effective January 1, 1993, the Company adopted the provisions of SFAS No. 109, "Accounting for Income Taxes", on a prospective basis. SFAS No. 109 requires an asset and liability approach to accounting for income taxes. The adoption of SFAS No. 109 did not have a material effect on the Company's consolidated financial statements.

Income before provision for incme taxes consists of the following for fiscal 1994, 1993 and 1992:

	1994	1993	1992
U.S.	$ 971,283	$6,906,493	$ 7,260,827
Foreign	371,330	204,178	236,419
	$1,342,613	$7,110,671	$7,497,246

The components of the provision for income taxes are as follows:

	1994	1993	1992
Federal -			
Current	$2,373,000	$1,575,000	$2,093,000
Deferred	(1,361,000)	-	-
	1,012,000	1,575,000	2,093,000
State -			
Current	493,000	777,000	454,000
Deferred	(353,000)	-	-
	140,000	777,000	454,000
Total provision for income taxes	$1,152,000	$2,352,000	$2,547,000

5. Income Taxes (continued)

The major components of the deferred tax accounts as computed under SFAS No. 109, are as follows:

	1994
Inventory reserve	$754,000
Bad debt reserve	258,000
Warranty reserve	228,000
Accruals not currently deductible for tax purposes	1,078,000
Amortization of convenant-not-to-compete	538,000
Excess of tax over bank depreciation	(710,000)
Other	259,000

	$2,405,000

The provisions for income taxes differ from the amounts which would result by applying the applicable statutory Federal income tax rate to income before taxes as follows:

<TABLE>

<S>	<C> 1994	<C> 1993	<C> 1992
Computed expected provision	$470,000	$2,418,000	$2,549,000
State tax	81,000	436,000	454,000
Amortization and writedown of goodwill	812,000	90,000	45,000
FSC commission	(259,000)	(254,000)	(254,000)
General business credits	(72,000)	(33,000)	(42,000)
Other	120,000	(305,000)	(205,000)
	----------	-----------	----------
	$1,152,000	$2,352,000	$2,547,000
	==========	===========	==========

</TABLE>

6. Employee Retirement Plan

On January 1, 1984, the Company adopted a thrift incentive savings plan (the "Plan"). The Plan is qualified under section 401(k) of the Internal Revenue Code and is available to all full-time employees with one or more years of employment with the Company. Under the terms of the Plan, participating employees must contribute at least 2% of their salary to the Plan, and the Company contributes (as a matching contribution) 100% of this amount. Employees may also contribute an additional amount up to 13% of their salary to the Plan, with no further contributions by the Company. The Company's contribution vest at a rate of 20% per year, commencing on the first anniversary of employment. Total employer matching contributions under the Plan were $163,000, $145,000, and $113,000 for the fiscal years 1994, 1993 and 1992, respectively.

7. Commitments

In August 1993, the Company purchased two buildings, which were its two principal operating facilities in Sunnyvale, California, from the landlord for $7,600,000 (see Note 3). The Company has a sublease on a portion of the space which expires in 1995.

Prior to August 1993, the Company had leased these facilities under an operating lease agreement with the landlord under a sale and leaseback agreement. In addition, the Company has entered into operating leases in its other facilities.

For fiscal years 1994, 1993 and 1992, rental expense, was approximately $318,000, $934,000 and $620,000, respectively.

At October 1, 1994, the future minimum rental payments under all building leases for fiscal 1995 through 1999 are approximately $265,000, $260,000, $227,000, $216,000 and $226,000, respectively, and $886,000 thereafter. The amounts total $2,080,000.

8. Stock Option and Purchase Plans

In 1993, the Company adopted the 1992 Stock Option Plan and reserved 200,000 shares for issuance. The 1992 Option Plan replaced the 1983 Option Plan which expired in June 1993. Although options granted under the 1983 Stock Option Plan before such expiration will remain outstanding in accordance with their terms, no further options will be granted under the 1983 Stock Option Plan after June 1993. Options granted are for a ten-year term and generally vest ratably over a period of four years commencing one year after the date of grant. A summary of the option transactions is as follows:

<TABLE>

Options Outstanding

<CAPTION>

<S>	<C>	<C>	<C>	<C>
	Options Available for Grant	Number of Shares	Price per Share	Aggregate Value

Balance at September 28, 1991	3,624	537,150	$2.13-11.50	$2,066,580
Additional Shares approved	200,000	-	-	-
Granted	(194,000)	194,000	8.75-9.00	1,704,250
Canceled	2,000	(2,000)	8.75-11.50	(20,250)
Exercised	-	(30,650)	2.13-3.75	(104,219)
Balance at October 3, 1992	11,624	698,500	2.13-11.50	3,646,361
1992 Option Plan new shares approved	200,000	-	-	-
Options assumed in Converter Power Acquisition	-	26,027	1.09	28,369
Granted	(57,500)	57,500	9.00-11.50	642,500
Canceled	5,500	(5,500)	8.75-11.50	(56,375)
Exercised	-	(30,500)	2.13-3.75	(93,370)
Balance at October 2, 1993	159,624	746,027	1.09-11.50	4,167,485
Granted	(74,000)	74,000	7.38-11.00	723,500
Canceled	18,000	(18,000)	3.75-11.50	(160,126)
Exercised	-	(82,000)	1.09-8.75	(227,420)
Balance at October 1, 1994	103,624	720,027	$ 1.09-11.50	$4,503,439
Options exercisable at October 1, 1994		503,402	$ 1.09-11.50	

</TABLE>

In February 1985, the Company adopted an employee stock purchase plan. Under the plan, the Company has reserved 200,000 shares of common stock for issuance to participating employees who have met certain eligibility requirements. In 1994, the Board of Directors approved an amendment to the employee stock purchase plan, subject to shareholder approval, to increase the number of shares reserved for issuance from 200,000 to 300,000 shares. The number of shares available for purchase by each participant is based upon annual base earnings and at a purchase price equal to 85% of the fair market value at the beginning or the end of the quarter of purchase, whichever is lower. During fiscal 1994, 1993 and 1992, a total of 25,475, 14,281 and 7,859 shares of common stock, respectively, were purchased by Company employees under the plan. As of October 1, 1994, 133,770 shares were available for future purchase.

8. Stock Option and Purchase Plans (continued)

In November 1993, the Company's 1992 Stock Option Plan was amended to provide for the automatic grant of a nonstatutory stock option to purchase shares of Common Stock to each outside Director. Subsequent grants will occur annually during the Company's third fiscal quarter. During fiscal 1994, each outside Director was granted an automatic option to purchase a total of 5,000 shares of the Company's Common Stock.

9. Other Income/Expense

Other (income) expense consists of the following:

<TABLE>

<S>	<C> 1994	<C> 1993	<C> 1992
Interest income	$(199,578)	$(191,941)	$(168,580)
Interest expense	338,751	78,343	68,633
Rental and sublease income	-	(60,995)	(115,596)
Net rental expense on sublet property	-	138,577	16,424
	$139,173	$(36,016)	$(199,119)

</TABLE>

10. Acquisitions

In August 1991, the Company acquired all the outstanding stock of Q-Arc Ltd. of Cambridge, England for $1,400,000 in cash and the assumption of certain liabilities. Q-Arc is a manufacturer of specialty lamps for laser and non-laser applications. This transaction was accounted for as a purchase and accordingly, all assets were revalued to their respective fair values. The acquisition price was equal to the fair value of net assets acquired. Net assets included a covenant-not-to-compete of approximately $951,000. The covenant is being amortized over an eight year period.

On June 30, 1992, the Company acquired all of the outstanding stock of Precision Lamp, Inc. located in Cotati, California. Precision Lamp designs, manufactures and distributes miniature incandescent lamps for various applications. The Company paid approximately $2,000,000 in cash for all of the outstanding shares, agreed to pay off approximately $1,100,000 of bank debt and assumed all liabilities ($1,321,000) of Precision Lamp. The Company also agreed to pay at least $2,600,000 to the primary selling shareholder as consideration for a covenant-not-to-compete among the primary selling shareholder, Precision Lamp and ILC. These payments will be made in equal installments through 1997. This transaction was accounted for as a purchase and accordingly, all assets were revalued to their respective fair values. This purchase price allocation resulted in goodwill of approximately $2,650,000 which is being amortized over a ten year period. The $2,600,000 covenant-not-to-compete is being amortized over a seven year period.

In the second quarter of fiscal 1994, management determined that an impairment occurred in the recoverability of the unamortized goodwill and covenant-not-to-compete due to a significant shortfall in orders from a major Precision Lamp customer. Accordingly, a $3.4 million charge was recorded to write off the intangibles to net realizable value. The writedown was determined based on the currently projected undiscounted cash flows of Precision Lamp from March 1994 to March 2004, which projected aggregate cash flows of approximately $900,000 (unaudited) over that period and was based on projected net income which averaged 9% higher than the net income projection for fiscal 1994 (with no loss years included in the projection), compared with the carrying value of the Company's investment in Precision Lamp, including goodwill, at the date of the writedown. These projections represent management's best estimate for future results for that subsidiary. At October 1, 1994, the unamortized balance of the Precision Lamp covenant-not- to-compete is approximately $812,000.

In January 1993, the Company completed a combination with Converter Power, Inc., located in Ipswich, Massachusetts. Converter Power is a manufacturer of custom power supplies for medical, scientific and industrial applications. The Company exchanged 273, 973 shares of common stock for all of the outstanding common stock of Converter Power in a transaction that was accounted for as a pooling of interests.

10. Acquisitions (continued)

The financial statements for fiscal year 1992, contained herein, have been restated to reflect the operations of Converter Power for the full year. The financial statements for fiscal years 1993 and 1994 also reflect a full year of operations for Converter Power. A reconciliation of the current financial statements to previously reported separate Company information is presented below for the Company and Converter Power (in thousands):

<TABLE>
<S> <C>

	1992
Net sales	

ILC Technology, Inc. consolidated	$ 37,578
Converter Power, Inc.	3,307
Combined	$ 40,885
Net income	
ILC Technology, Inc. consolidated	$ 4,694
Converter Power, Inc.	256
Combined	$ 4,950

</TABLE>

The results of operations of Q-Arc and Precision Lamp since the date of acquisition have been included in the Company's consolidated results of operations.

11. Rights Agreement

On September 19, 1989, the Company's Board of Directors declared a dividend of one common share purchase right for each outstanding share of common stock, no par value, of the Company. The dividend was payable on October 2, 1989 to the shareholders of record on that date. Each Right entitles the registered holder to purchase from the Company one share of common stock of the Company at a price of $30.00 per common share, after adjustment for the March 8, 1991 2-for-1 stock split, and subsequent amendment. The rights will not be exercisable until a party either acquires beneficial ownership of 20% of the Company's common stock or makes a tender offer for at least 30% of its common stock. In the event the rights become exercisable and thereafter a person or group acquires 30% or more of the Company's stock, a 20% shareholder ("Acquiring Person") engages in any specified self-dealing transaction, or, as a result of a recapitalization or reorganization, an Acquiring Person's shareholdings are increased by more than 3%, each right will entitle the holder to purchase from the Company, for the exercise price, common stock having a market value of twice the exercise price of the right. In the event the rights become exercisable and thereafter the Company is acquired in a merger or other business combination, each right will enable the holder to purchase from the surviving corporation, for the exercise price, common stock having a market value of twice the exercise price of the right. At the Company's option, the rights are redeemable in their entirety, prior to becoming exercisable, at $.01 per right. The rights are subject to adjustment to prevent dilution and expire September 29, 1999.

12. Repurchase of Common Stock

In March 1994, the Board of Directors authorized the purchase of up to 1,000,000 shares of the Company's common shares outstanding through March 1995. During 1994, the Company repurchased 204,000 shares of common stock for an aggregate amount of $1,555,500. Purchases were made on the open market.

<TABLE>

SCHEDULE V

ILC TECHNOLOGY, INC.
PROPERTY AND EQUIPMENT
FOR FISCAL YEARS 1994, 1993 AND 1992

<CAPTION>

<S> <C> <C> <C> <C> <C> <C>

	Balance at Beginning of Period	Additions From Acquisition(1)	Additions at Cost	Retirement and Sales	Transfers	Balance at End of Period
Year ended October 3,1992:						
Machinery and equipment	$8,754,674	$ 543,863	$481,640	$(144,579)	$48,875	$9,684,473
Furniture and fixtures	246,234	48,273	14,197	-	-	308,704
Leasehold improvements	2,131,824	62,067	10,652	(1,575)	184,383	2,387,351
Equipment under capital lease	211,823	-	-	-	-	211,823
Construction in progress	212,516	427,363	301,826	-	(233,258)	708,447
	$11,557,071	$1,081,566	$ 808,315	$(146,154)	$ -	13,300,798

Year ended October 2, 1993:						
Machinery and equipment	$9,684,473	$ -	$764,496	$(175,404)	$223,869	$10,497,434
Land and buildings	-	-	7,600,000	-	544,406	8,144,406
Furniture and fixtures	308,704	-	80,614	-	-	389,318

Leasehold improvements	2,387,351	-	31,702	(1,717,289)	(544,406)	157,358
Equipment under capital lease	211,823	-	-	-	-	211,823
Construction in progress	708,447	-	590,112	-	(223,869)	1,074,690
	$13,300,798	$ -	$9,066,924	$(1,892,693)	$ -	$20,475,029

Year ended October 1, 1994:						
Machinery and equipment	$10,497,434	$ -	$ 635,991	$(172,658)	$895,256	$11,856,023
Land and buildings	8,144,406	-	3,012,844	-	72,091	11,229,341
Furniture and fixtures	389,318	-	91,116	(16,524)	-	463,910
Leasehold improvements	157,358	-	52,472	-	-	209,830
Equipment under capital lease	211,823	-	174,268	(211,823)	-	174,268
Construction in progress	1,074,690	-	1,832,620	-	(967,347)	1,939,963
	$20,475,029	$ -	$5,799,311	$(401,005)	$ -	$25,873,335

(1) Acquisition of Precision Lamp, Inc. See Note 10 to Consolidated Financial Statements.

</TABLE>

SCHEDULE VI

ILC TECHNOLOGY, INC.
ACCUMULATED DEPRECIATION AND
AMORTIZATION OF PROPERTY AND EQUIPMENT
FOR FISCAL YEARS 1994, 1993 AND 1992

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirement and Sales	Balance at End of Period
Year ended October 3, 1992:				
Machinery and equipment	$5,679,223	$ 705,820	$(88,945)	$6,296,098
Furniture and fixtures	169,675	18,138	-	187,813
Leasehold improvements	1,333,464	228,044	(475)	1,561,033
Equipment under capital lease	180,940	30,883	-	211,823
	$7,363,302	$ 982,885	$ (89,420)	$8,256,767

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirement and Sales	Balance at End of Period
Year ended October 2, 1993:				
Machinery and equipment	$6,296,098	$831,227	$(120,016)	$7,007,309
Land and buildings	-	10,350	-	10,350
Furniture and fixtures	187,813	34,296	-	222,109
Leasehold improvements	1,561,033	157,231	(1,702, 867)	15,397
Equipment under capital lease	211,823	-	-	211,823
	$8,256,767	$1,033,104	$(1,822,883)	$7,466,988

	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Retirement and Sales	Balance at End of Period
Year ended October 1, 1994:				
Machinery and equipment	$7,007,309	$ 879,744	$ (168,819)	$7,718,234
Land and buildings	10,350	124,194	-	134,544
Furniture and fixtures	222,109	46,224	(16,524)	251,809
Leasehold improvements	15,397	33,125	-	48,522
Equipment under capital lease	211,823	31,949	(211,823)	31,949
	$7,466,988	$1,115,236	$ (397,166)	$8,185,058

<TABLE>

SCHEDULE II

ILC TECHNOLOGY, INC.
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
FOR FISCAL YEARS 1994, 1993 AND 1992

<CAPTION>

<S>	Balance at Beginning <C>	Charged (Credited) to Cost and Expenses <C>	Addition from Acquisition <C>	Deductions and Write Off <C>	Balance at end of Period <C>
Allowance for Doubtful Accounts:					
Year ended October 3, 1992	$356,171	$128,896	$10,341	$154,053	$341,355
Year ended October 2, 1993	$341,355	$(98,769)	$7,258	$30,716	$219,128
Year ended October 1, 1994	$219,128	$383,902	$ -	$270,227	$332,803
Reserve for Inventory obsolescence:					
Year ended October 3, 1992	$1,870,395	$(65,039)	$330,614	$201,224	$1,934,746
Year ended October 2, 1993	$1,990,256	$ 3,898	$ -	$414,672	$1,523,972
Year ended October 1, 1994	$1,523,972	$1,772,346	$ -	$763,085	$2,533,233

</TABLE>

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To ILC Technology, Inc.

We have audited the accompanying consolidated balance sheets of ILC Technology, Inc. (a California Corporation) and subsidiaries as of October 1, 1994 and October 2, 1993, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended October 1, 1994. These financial statements and the schedules referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of ILC Technology, Inc. and subsidiaries as of October 1, 1994 and October 2, 1993 and the results of their operations and their cash flows for each of the three years in the period ended October 1, 1994 in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules presented on pages 20 to 22 are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

San Jose, California
November 3, 1994

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) The following documents are filed as part of this report:

1. Financial Statements

The Consolidated Financial Statements, notes thereto, and Report of Independent Public Accountants thereon are included in Part II, Item 8 of this Report.

2. Financial statement Schedules	Page in Form 10-K/A
Schedule V Property and Equipment	15
Schedule VI Accumulated Depreciation and Amortization of Property and Equipment	16
Schedule II Valuation and Qualifying Accounts and Reserves	17

All other schedules have been omitted since the required information is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the Consolidated Financial Statements or notes thereto.

3. Exhibits

The exhibits listed in the Index to Exhibits following the signature page of the Form 10-K are filed as part of this Report.

The following exhibits are filed as part of this Amendment:

	Page
Exhibit 23.1 Consent of Independent Public Accountants	21
Exhibit 27.1 Financial Data Schedule	22

(b) Reports 8-K

No reports on Form 8-K were filed during the last quarter of fiscal 1994.

No reports on Form 8-K were filed during the last quarter of fiscal 1994.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: July 28, 1995

ILC TECHNOLOGY, INC.

s/s Ronald E. Fredianelli
Ronald E. Fredianelli
Chief Financial Officer

EXHIBIT 23.1
CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated November 3, 1994, included in this Form 10-K, into the Company's previously filed Form S-8 Registration Statements, File Numbers 2-90841, 2-95899, 33-6917, 33- 27001, 33-50404 and 33-89470.

ARTHUR ANDERSEN LLP

San Jose, California
July 28, 1995

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