

# KOPIN CORP

## FORM 8-K (Current report filing)

Filed 05/09/06 for the Period Ending 05/09/06

Address	125 NORTH DRIVE WESTBOROUGH, MA 01581
Telephone	508-870-5959
CIK	0000771266
Symbol	KOPN
SIC Code	3674 - Semiconductors and Related Devices
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

# KOPIN CORP

## FORM 8-K (Unscheduled Material Events)

Filed 5/9/2006 For Period Ending 5/9/2006

Address	695 MYLES STANDISH BLVD TAUNTON, Massachusetts 02780
Telephone	508-824-6696
CIK	0000771266
Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON DC 20549**

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**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

**Date of Report (Date of Earliest Event Reported) May 9, 2006**

**KOPIN CORPORATION**

(Exact Name of Registrant as Specified in its Charter)

DELAWARE	000-19882	04-2833935
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

200 John Hancock Road, Taunton, MA 02780

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(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (508) 824-6696

Check the appropriate box below if the Form 8-K filing is intended to satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Condition.**

Kopin Corporation issued a press release on May 9, 2006, a copy of which is attached as Exhibit 99.1 to this report and incorporated herein by this reference, in which it announced financial results for the quarter ended April 1, 2006. This information shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Kopin Corporation Press Release, dated May 9, 2006.

**SIGNATURE**

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

**KOPIN CORPORATION**

*Dated: May 9, 2006*

*By: /s/ Richard A. Sneider*

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*Richard A. Sneider*  
*Treasurer and Chief Financial Officer*  
*(Principal Financial and Accounting Officer)*

**Kopin Reports First Quarter 2006 Financial Results; Quarter Highlighted by Strong Demand for Company's High-Performance Transistors for Advanced Cell Phones**

TAUNTON, Mass.--(BUSINESS WIRE)--May 9, 2006--Kopin Corporation (NASDAQ:KOPN) today announced financial results for the first quarter ended April 1, 2006.

-- Revenue was \$18.7 million, at the high end of the Company's guidance of \$17 million to \$19 million. Kopin reported revenue of \$18.9 million in the first quarter of 2005 and \$24.9 million in the fourth quarter of 2005.

-- The Company's net income was \$78,000, or \$0.00 per diluted share, compared with net income of \$1.2 million, or \$0.02 per diluted share, for the first quarter of 2005 and net income of \$3.7 million, or \$0.05 per diluted share, for the fourth quarter of 2005. Financial results for the first quarter of 2006 include a charge of \$435,000, or \$0.01 per diluted share, in stock-based compensation expense, reflecting the Company's adoption, effective January 1, 2006, of Statement of Financial Accounting Standards ("SFAS") No. 123R Share-Based Payments.

-- III-V revenue was \$12.8 million, compared with \$9.4 million in the first quarter of 2005 and \$13.5 million in the fourth quarter of 2005. III-V revenue for the first quarter of 2006 included \$850,000 as final payment under the Company's joint venture agreement with KoBrite.

-- CyberDisplay(TM) revenue was \$5.9 million versus \$9.5 million in the year-ago period and \$11.4 million in the fourth quarter of 2005.

-- Cash and marketable securities as of April 1, 2006 totaled \$117 million and the Company continues to have no long-term debt.

-- During the first quarter of 2006, Kopin repurchased 480,000 shares under its stock buyback program.

"Growing demand for our heterojunction bipolar transistor drove a 37% year-over-year increase in III-V revenue," said Dr. John C.C. Fan, Kopin's chairman and chief executive officer. "In our display business, as expected, we began a transition from the low-end camcorder viewfinder market to product categories with higher margins and strong growth potential, including military systems and video eyewear products."

### **III-V Business**

"The wireless handset market is growing at about 15%, driven by demand for advanced cell phones in established markets and the rapid adoption of cell phones in developing countries," Dr. Fan said. "Multiple power amplifiers are needed to handle the advanced features and functions of these phones, further increasing the demand for our HBT wafers.

"Based on strong orders from our integrated circuit partners, we have begun implementing our strategy to increase HBT capacity by more than 50% over the next 24 months. We are accomplishing this increase by installing new equipment at Kopin, qualifying KTC - our licensed HBT original equipment manufacturer in Taiwan - and further improving operational efficiency," Dr. Fan said. "With an estimated 80% of the worldwide merchant HBT market, Kopin has the dominant capacity, performance and brand in the industry. Our HBT product line has entered a growth phase that we believe will only extend our position as the market leader."

### **Display Business**

"In our display business, during the 2006 first quarter we commenced volume shipments of our displays for the new generation of thermal weapons sights being developed with our partners under a multi-year contract for the U.S. Army," Dr. Fan said. "We also continued to make strides in our multi-year program for the Army's Enhanced Night Vision Goggle system, working closely with our partner to move those systems toward production.

"On the consumer side of our display business, we see strong interest and activity in video eyewear," Dr. Fan said. "We are fielding inquiries from a diverse range of companies, including content and service providers, that are aggressively exploring the potential of mobile video for their business.

"In addition, just this week, we announced that The Sharper Image, a large U.S. retail company, will begin to market Icuiti's DV920 Video Eyewear powered by Kopin's microdisplays," Dr. Fan said. "We expect a number of similar eyewear-related announcements as the 2006 holiday season approaches and the mobile video market continues to accelerate.

"The Mobile Video market is beginning to take shape as companies throughout the world launch an expanding portfolio of content and devices," Dr. Fan said. "By our estimate, about 50,000 eyewear units were sold industry-wide in 2005, with Kopin commanding approximately 80% of the market. This year, we believe sales could increase to as many as 200,000 to 300,000 units, and again we expect Kopin displays to be integrated into a large percentage of these products. Kopin's display technology is enabling the development of eyewear products that are smaller, lighter, sleeker and less expensive for consumers."

### **Business Outlook**

Commenting on Kopin's business outlook, Dr. Fan said, "For the second quarter of 2006, we expect total revenue to be in the range of \$18.5 million to \$20.5 million, with continuing strength from our HBT products, while in our display business we expect to see continued progress in

the military and consumer electronics markets."

### First-Quarter Conference Call

Kopin will provide a live audio webcast of its first-quarter conference call for investors at 5:00 p.m. ET today, May 9, 2006. Investors who want to hear the call should log on to the Investor Relations section of Kopin's website, [www.kopin.com](http://www.kopin.com), at least 15 minutes prior to the event's broadcast. An archived version of the call will be available on Kopin's website.

To participate in the call, please dial (888) 349-5690 or (706) 643-3945 five minutes prior to the call. Please refer to conference ID 7999937. For those unable to join the live conference call, a replay will be available two hours after the conclusion of the call for one week at (800) 642-1687 or (706) 645-9291 (conference ID 7999937).

### About Kopin

Kopin Corporation produces lightweight, power-efficient, ultra-small liquid crystal displays and heterojunction bipolar transistors (HBTs) that are revolutionizing the way people around the world see, hear and communicate. Kopin already has shipped more than 20 million displays for a range of consumer and military applications including digital cameras, personal video eyewear, camcorders, thermal weapon sights and night vision systems. The Company's unique HBTs, which help to enhance battery life, talk time and signal clarity, have been integrated into billions of wireless handsets as well as into WiFi, VoIP and high-speed Internet data transmission systems. Kopin's proprietary display and HBT technologies are protected by more than 200 global patents and patents pending. For more information, please visit Kopin's website at [www.kopin.com](http://www.kopin.com).

### Safe Harbor Statement

Statements in this news release may be considered "forward-looking" statements under the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995. These include statements relating to: future demand for the Company's HBT wafers; Kopin's plan to increase HBT capacity by more than 50% over the next 24 months through the installation of new equipment, the qualification of KTC and further improvement to operational efficiency; the Company's belief that its HBT product line has entered a growth phase that will extend its position as the market leader; future prospects related to the production of thermal weapons sights and Enhanced Night Vision Goggle systems; future prospects related to video eyewear; the expectation of further eyewear-related announcements in 2006; growth of the mobile video market; estimates related to the Company's share of the video eyewear market and the expectation that 200,000 to 300,000 units could be sold in 2006; Kopin's belief that its technology will be incorporated into a large percentage of video eyewear products; the Company's forecast for total revenue of between \$18.5 million and \$20.5 million in the second quarter of 2006; the expectation for continued strength from HBT products and, in the Company's display business, for continued progress from the military and consumer electronics markets. These statements involve a number of risks and uncertainties that could materially affect future results. These risk factors include, but are not limited to: technical, manufacturing, marketing or other issues that may prevent either the adoption or rapid acceptance of products; competitive products and pricing; the risk that new product initiatives and other research and development efforts may not be successful; the loss of significant customers; the potential that costs to produce the Company's microdisplay and HBT products will increase significantly, or that yields will decline; the potential that military programs involving Kopin's products will be delayed or cancelled; the potential that the Company's military and commercial customers might be unable to ramp production volumes of their products; market acceptance of video eyewear products; manufacturing delays, technical issues, economic conditions or external factors that may prevent the Company from achieving its financial guidance; and other risk factors and cautionary statements listed in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission. These include, but are not limited to, the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

CyberDisplay and The NanoSemiconductor Company are trademarks of Kopin Corporation.

### Kopin - The NanoSemiconductor Company(TM)

The Company's condensed consolidated statement of operations and balance sheet are attached.

Kopin Corporation Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended	
	April 1, 2006	March 26, 2005
Revenues:		
Product revenues	\$16,945,935	\$17,265,298
Research and development revenues	1,743,927	1,638,634

	18,689,862	18,903,932
Expenses:		
Cost of product revenues	12,916,305	10,903,669
Research and development	2,897,460	3,399,331
Selling, general and administrative	3,567,437	3,263,590
Asset impairment	-	517,902
	-----	-----
	19,381,202	18,084,492
	-----	-----
(Loss) income from operations	(691,340)	819,440
Other income and (expense):		
Interest and other income	1,179,029	779,613
Interest and other expense	(348,696)	(202,168)
	-----	-----
	830,333	577,445
	-----	-----
Income before minority interest, income taxes and equity losses in unconsolidated affiliates	138,993	1,396,885
Minority interest in (loss) income of subsidiary	168,810	(43,947)
	-----	-----
Income before income taxes and equity losses in unconsolidated affiliates	307,803	1,352,938
Benefit (provision) for income taxes	42,000	(32,240)
	-----	-----
Income before equity losses in unconsolidated affiliates	349,803	1,320,698
Equity losses in unconsolidated affiliates	(271,723)	(149,508)
	-----	-----
Net income	\$78,080	\$1,171,190
	=====	=====
Net income per share:		
Basic	\$0.00	\$0.02
	=====	=====
Diluted	\$0.00	\$0.02
	=====	=====
Weighted average number of common shares outstanding:		
Basic	68,783,066	70,038,749
	=====	=====
Diluted	69,425,636	70,244,593
	=====	=====

## Kopin Corporation Condensed Consolidated Balance Sheets

(Unaudited)

	April 1, 2006	December 31, 2005
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ASSETS		
Current assets:		
Cash and marketable securities	\$117,521,621	\$119,756,865
Accounts receivable, net	13,305,841	13,014,815
Inventory	8,373,985	9,256,739
Prepaid and other current assets	2,121,615	1,900,479
	-----	-----
Total current assets	141,323,062	143,928,898
Equipment and improvements, net	13,071,949	11,250,453
Other assets	12,284,189	11,152,666
	-----	-----
Total assets	\$166,679,200	\$166,332,017
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities:		
Accounts payable	\$9,332,154	\$8,334,282
Accrued expenses	4,966,265	5,378,640
Billings in excess of revenue earned	1,031,517	1,080,810
	-----	-----
Total current liabilities	15,329,936	14,793,732
Lease commitments	748,050	740,000
Minority interest	4,349,518	4,337,925
Stockholders' equity	146,251,696	146,460,360
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Total liabilities and stockholders' equity	\$166,679,200	\$166,332,017
	=====	=====

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