

KOPIN CORP

FORM 8-K (Current report filing)

Filed 07/22/04 for the Period Ending 07/22/04

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

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

FORM 8-K

CURRENT REPORT

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

Date of Report: July 22, 2004

KOPIN CORPORATION

(Exact Name of Registrant as Specified in Charter)

DELAWARE	0-19882	04-2833935
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

200 Hancock Road, Taunton, MA 02780-1042
(Address of Principal Executive Offices) (Zip Code)

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

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(C) EXHIBITS.

99.1 Kopin Corporation Press Release, dated July 22, 2004.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

Kopin Corporation issued a press release on July 22, 2004, 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 second quarter ended June 26, 2004. This information shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed to be incorporated by reference in any filing under the Securities Act of 1933.

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: July 22, 2004

By: /s/ Richard A. Sneider

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

EXHIBIT INDEX

Exhibit Number

99.1

Description

Press Release, dated July 22, 2004

Kopin Reports Second Quarter 2004 Financial Results; Year-Over-Year Revenue Growth: III-V 20 Percent; CyberDisplay 18 Percent

TAUNTON, Mass.--(BUSINESS WIRE)--July 22, 2004--Kopin Corporation (NASDAQ: KOPN) today announced financial results for the second quarter ended June 26, 2004.

Key Points for the Second Quarter of 2004:

- Revenue increased to \$23.6 million from \$22.4 million in the first quarter of 2004 and from \$19.9 million in the second quarter of 2003, a year-over-year increase of 19 percent.
- Net loss was \$2.3 million, or \$0.03 per share, compared with a net loss of \$3.4 million, or \$0.05 per share, in the first quarter of 2004, and a net loss of \$1.0 million, or \$0.01 per share, for the second quarter of 2003.
- CyberDisplay(TM) revenue rose 18 percent year-over-year and three percent sequentially to \$13.2 million; III-V revenue increased 20 percent year-over-year and nine percent sequentially to \$10.4 million.
- Color display products accounted for more than 60 percent of CyberDisplay(TM) revenue, up from approximately 50 percent of revenue in the first quarter of 2004.

"Demand for our new display products contributed to another record CyberDisplay quarter," said President and Chief Executive Officer Dr. John C.C. Fan. "This demand, combined with continued strength in the wireless handset and WLAN markets, enabled us to achieve sequential growth in total revenue in the second quarter. Overall, Kopin's second-quarter revenue was in line with our expectations and grew approximately 19 percent year-over-year."

New Customer Wins Highlight Strong CyberDisplay Sales

CyberDisplay revenue for the three months ended June 26, 2004 grew for the fifth consecutive quarter, increasing to \$13.2 million from \$12.8 million in the first quarter of 2004, and from \$11.2 million in the second quarter of 2003. During the quarter, Kopin added several new CyberDisplay customers to its roster. Flat-panel display pioneer Sharp selected Kopin's CyberEVF 113K for two new Digital Viewcam camcorders, and the CyberEVF 113K also was integrated into Royal Philips Electronics' new Key Ring 019 multi-purpose personal entertainment device, winner of Popular Mechanics' 2004 Editor's Choice Award for new product innovation. In addition, leading Taiwanese digital still camera manufacturer Tekom Technologies selected Kopin's CyberDisplay 180K as the viewfinder display for its new AX480 high-end digital camera.

"Kopin continued to broaden its CyberDisplay customer base in the second quarter, expanding the Company's penetration in both camcorders and digital still cameras. We also continued to work on new display products designed to take advantage of emerging opportunities in the military and consumer segments. We expect to introduce these new displays by the end of the year. In addition, with a full quarter of high-volume color filter display manufacturing under our belts, we made significant improvements to our CyberDisplay yields and will continue to work on improvements in order to return to historical yield levels," said Dr. Fan.

Industry Growth Drives III-V Performance

Kopin posted III-V revenue of \$10.4 million in the second quarter, compared with revenue of \$9.5 million in the first quarter of 2004 and \$8.7 million in the second quarter of 2003. "Demand for Kopin's HBTs in the wireless handset and WLAN markets continues to grow, and this portion of our business remains busy. We currently are working to bring additional capacity online to support the continued demand growth we anticipate. During the quarter we also experienced a marked jump in GAIN-HBT(TM) sampling activities and continue to believe that this transistor should be designed in by the end of this year," said Dr. Fan.

"Kopin continued to make technical progress with its CyberLite(TM) LED products in the second quarter," said Dr. Fan. "However, this market remains very competitive from both a performance and pricing standpoint. Our LED product sales are currently operating with negative gross margin, and this negative margin, coupled with our substantial investments in development, has resulted in significant losses for the product line. Accordingly, we are evaluating different business models to enhance our competitive position in the high-brightness LED market, including pairing our excellent technology with a lower cost structure to speed market penetration. We expect to complete our evaluation by the end of the year."

Six-month Results

For the six months ended June 26, 2004, total revenue increased to \$45.9 million from \$37.9 million for the same period last year. This marks the Company's strongest first six-month revenue performance in its history. Revenue from III-V products was \$19.9 million for the first six months of 2004, an increase of approximately 10 percent over revenue of \$18.2 million for the first six months of 2003. CyberDisplay revenues increased 32 percent to \$26.0 million in the first half of 2004 from \$19.8 million in the first half of 2003. The net loss for the most recent six-month period was \$5.7 million, or \$0.08 per share, compared with a net loss of \$3.2 million, or \$0.05 per share, for the first six months of 2003.

Business Outlook

Commenting on Kopin's outlook for the third quarter of 2004, Dr. Fan said, "We expect total revenue to increase approximately 30 percent year over year, essentially flat on a sequential basis, with III-V revenue comparable to the second quarter. For our CyberDisplay products, while consumer demand for digital camcorders has softened, we expect to offset this slowdown with orders from digital still camera and military customers."

Second-quarter Conference Call

Kopin will provide a live audio webcast of its second-quarter conference call for investors at 5:00 p.m. ET today, July 22, 2004. Investors who want to hear the call should log on to the Investor Relations section of Kopin's website, www.kopin.com, at least 15 minutes before the event's broadcast. The call will be available on the Investor Relations section for one week. After that, investors can access an archived version of the call on Kopin's website.

Kopin's second-quarter 2004 conference call also can be heard live by dialing (913) 981-5508 or (800) 289-0437 five minutes prior to the call. A replay of the call will be available from 8:00 p.m. ET, Thursday, July 22 through midnight ET, Wednesday, July 28. To access the replay, dial (719) 457-0820 or (888) 203-1112 and refer to confirmation code 781615.

About Kopin

Founded in 1984, Kopin is pioneering the use of nanotechnology to manufacture nanosemiconductor products that make mobile electronic devices small, fast, bright, lightweight and power efficient. With an intellectual property portfolio of more than 200 issued and pending patents, Kopin supplies the world's largest electronics manufacturers and government agencies with breakthrough semiconductor products. The Company's liquid-crystal microdisplays, ultra-efficient transistors and high-brightness light emitting diodes (LEDs) enhance the delivery and presentation of voice, video and data. Kopin technology is currently used in nearly one-third of the world's cell phones and camcorders and is the microdisplay standard for the U.S. military. For more information, please visit Kopin's website at www.kopin.com.

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 Kopin's expectation that it will continue to work on CyberDisplay yield improvements; that GAIN-HBT transistors should be designed in by the end of the year; the success of any future business model for Kopin's CyberLite product; that third-quarter revenue is expected to increase approximately 30 percent year over year; that demand for HBTs will continue at a steady pace in the third quarter; and that sales of CyberDisplays to digital still camera and military customers will offset the slowdown in demand from digital camcorder customers. These statements involve a number of risks and uncertainties that could materially affect future results. Among these risk factors are general economic and business conditions and growth in the flat panel display, wireless, LED and gallium arsenide integrated circuit and materials industries; the impact of competitive products and pricing; availability of third-party components; the successful CyberLite production ramp; the qualification of Kopin's CyberLite manufacturing process by additional customers; availability of integrated circuit fabrication facilities; cost and yields associated with production of the Company's CyberDisplay imaging devices, CyberLite LEDs and HBT transistor wafers; loss of significant customers; acceptance of the Company's products; success of new product and other research and development efforts; continuation of strategic relationships; the value of shares of Micrel Semiconductor held by the Company; Kopin's ability to accurately forecast revenue levels; 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, 2003 and Quarterly Report on Form 10-Q for the period ended March 27, 2004.

CyberDisplay, CyberEVF, CyberLite, GAIN-HBT and The NanoSemiconductor Company are trademarks of Kopin Corporation.

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

Kopin - The NanoSemiconductor Company(TM)

Kopin Corporation

Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 26, 2004	June 28, 2003	June 26, 2004	June 28, 2003
Revenues:				
Product revenues	\$22,797,438	\$19,468,288	\$44,930,434	\$37,517,034
Research and				

development revenues	761,553	400,000	986,553	400,000
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	23,558,991	19,868,288	45,916,987	37,917,034
Expenses:				
Cost of product revenues	19,841,086	14,838,784	38,924,899	29,897,714
Research and development	3,502,294	2,922,503	7,422,729	5,803,679
Selling, general and administrative	2,738,899	3,011,692	5,755,220	5,630,978
Other	-	120,216	-	240,432
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	26,082,279	20,893,195	52,102,848	41,572,803
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Loss from operations	(2,523,288)	(1,024,907)	(6,185,861)	(3,655,769)
Other income and expense:				
Interest and other income	689,666	631,154	1,573,093	1,692,057
Interest and other expense	(300,012)	(389,031)	(798,096)	(782,569)
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	389,654	242,123	774,997	909,488
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Loss before minority interest in income of subsidiary	(2,133,634)	(782,784)	(5,410,864)	(2,746,281)
Minority interest in income of subsidiary	(202,366)	(217,916)	(307,044)	(491,467)
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Net loss	\$(2,336,000)	\$(1,000,700)	\$(5,717,908)	\$(3,237,748)
	=====	=====	=====	=====
Net loss per share:				
Basic	\$(0.03)	\$(0.01)	\$(0.08)	\$(0.05)
	=====	=====	=====	=====
Diluted	\$(0.03)	\$(0.01)	\$(0.08)	\$(0.05)
	=====	=====	=====	=====
Weighted average number of common shares outstanding:				
Basic	70,065,958	69,407,418	70,063,096	69,398,812
	=====	=====	=====	=====
Diluted	70,065,958	69,407,418	70,063,096	69,398,812
	=====	=====	=====	=====

Kopin Corporation Condensed Consolidated Balance Sheets

(Unaudited)

	June 26, 2004	December 31, 2003
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ASSETS		
Current assets:		
Cash and marketable securities	\$111,045,536	\$120,333,188
Accounts receivable, net	9,440,101	6,771,391
Inventory	10,794,678	5,920,364
Prepaid and other assets	1,662,936	1,451,374
	-----	-----
Total current assets	132,943,251	134,476,317
Equipment and improvements, net	27,242,096	31,008,403
Other assets	8,594,358	9,335,749
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Total assets	\$168,779,705	\$174,820,469
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current Liabilities:		
Accounts payable	\$14,742,355	\$14,365,686
Accrued expenses	2,386,350	2,224,928
Billings in excess of revenue earned	1,413,579	1,378,970
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Total current liabilities	18,542,284	17,969,584
Minority interest	3,572,380	3,113,728
Stockholders' equity	146,665,041	153,737,157
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Total liabilities and stockholders' equity	\$168,779,705	\$174,820,469
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