

KOPIN CORP

FORM 8-K (Current report filing)

Filed 08/08/06 for the Period Ending 08/08/06

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 (Current report filing)

Filed 8/8/2006 For Period Ending 8/8/2006

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**

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) August 8, 2006

KOPIN CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE
(State or Other Jurisdiction
of Incorporation)

000-19882
(Commission
File Number)

04-2833935
(IRS Employer
Identification No.)

200 John Hancock Road, Taunton, MA 02780
(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:

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 August 8, 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 July 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 August 8, 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: August 8, 2006

By: /s/ Richard A. Sneider

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

Kopin Reports Second Quarter 2006 Financial Results; Demand for Company's Transistor Products Drives III-V Business Up 34% Year-over-Year

TAUNTON, Mass.--(BUSINESS WIRE)--Aug. 8, 2006--Kopin Corporation (NASDAQ: KOPN) today announced financial results for the second quarter ended July 1, 2006.

-- Revenue was \$18.9 million, in line with the Company's guidance of \$18.5 million to \$20.5 million. Kopin reported revenue of \$21.0 million in the second quarter of 2005 and \$18.7 million in the first quarter of 2006.

-- Net income was \$1.9 million, or \$0.03 per diluted share, compared with net income of \$1.9 million, or \$0.03 per diluted share, for the second quarter of 2005 and net income of \$78,000, or \$0.00 per diluted share, for the first quarter of 2006. During the second quarter of 2006, the Company sold 200,000 of its shares in Micrel Semiconductor, Inc. and recorded a gain of approximately \$1.2 million. Financial results for the second quarter of 2006 include a charge of \$381,000, 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 \$12.1 million, compared with \$9.0 million in the second quarter of 2005 and \$12.8 million in the first quarter of 2006. Included in the first quarter of 2006 was \$850,000 of revenue related to research and development and training services performed and completed by the Company for its KoBrite joint venture.

-- CyberDisplay(TM) revenue was \$6.8 million versus \$12.0 million in the year-ago period and \$5.9 million in the first quarter of 2006.

-- Cash and marketable securities as of July 1, 2006 totaled \$111.8 million, and the Company continues to have no long-term debt.

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

"As demonstrated by the 34% year-over-year growth in III-V revenue, our HBT products enjoyed a strong second quarter," said President and Chief Executive Officer Dr. John C.C. Fan. "This performance is attributable to an increase in wireless handset sales and, more importantly, a higher percentage of HBT content per handset to accommodate the increased functionality of new models. In our CyberDisplay business, during the quarter we continued our transition to new displays and systems for higher-margin applications. Interest in video eyewear continues to build, and our military displays continue to be on schedule for volume shipments during the second half of the year."

III-V Business

"With a global handset market projected to produce over 950 million units(1) in 2006, Kopin has begun a major capacity expansion to accommodate increased demand for our HBT transistors," Dr. Fan said. "Our capacity expansion is taking a two-pronged approach: the installation of additional III-V equipment in our domestic facilities and the qualification of our Taiwanese HBT OEM partner, KTC. We anticipate getting initial production from both locations by year end as we work toward our goal of a 50% capacity increase in the next 12 months."

Display Business

"We are executing on our long-term strategy to expand the CyberDisplay's application base in consumer, industrial and military electronics. Kopin's displays are an integral component of next-generation thermal weapon sights developed by our partners as part of a multi-year U.S. military contract," Dr. Fan continued. "On the consumer side, we continue to work to penetrate the digital camera market. We also continue to invest in technology to transition into higher resolution color displays that we believe are needed for our targeted video eyewear market. In the second half of 2006, we also expect to see increased activity for our displays from makers of digital still cameras."

Six-Month Results

For the six months ended July 1, 2006, total revenue was \$37.6 million, compared with \$39.9 million for the same period last year. Revenue from III-V products was \$24.9 million for the first six months of 2006, up from \$18.4 million for the first six months of 2005. CyberDisplay revenues were \$12.7 million versus \$21.5 million in the first half of 2005. Net income for the most recent six-month period was \$1.9 million, or \$0.03 per diluted share, compared with net income of \$3.0 million, or \$0.04 per diluted share, for the first six months of 2005. Included in the \$1.9 million year-to-date earnings is a \$1.2 million gain on the sale on 200,000 shares of the Company's investment in Micrel Semiconductor. This gain was partially offset by stock-based compensation expense of \$816,000, or \$0.01 per diluted share, reflecting the adoption of SFAS 123R.

Business Outlook

"Based on the current business environment and the outlook for our two businesses, we expect third-quarter revenue to be in the range of \$19.0 million to \$20.5 million," Dr. Fan said. "We anticipate continued strength in our III-V business, driven by demand for advanced wireless

handsets equipped with our transistors, including our newest transistor solution, the GAIN-HBT. On the display side, we expect continued progress in our military displays products as well as increasing activity in the consumer segment of the market."

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, August 8, 2006. 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 prior to the event's broadcast. An archived version of the call will be available on Kopin's website.

Kopin's second-quarter conference call also can be heard live by dialing (800) 817-4887 or (913) 981-4913 five minutes prior to the call. A replay of the call will be available from 8:00 p.m. ET, August 8 through midnight Monday, August 14th. To access the replay, dial (888) 203-1112 or (719) 457-0820 and refer to confirmation code 5874840.

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.

(1) SonyEricsson estimates

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: the expectation that military displays are on schedule for volume shipments during the second half of 2006; the forecast for the global handset market; the Company's goal of increasing HBT capacity by 50% in the next 12 months; expectations for Kopin's displays in the consumer and military end markets; the expectation that revenue will be in the range of \$19.0 million to \$20.5 million in the third-quarter of 2006; the expectation for continued progress in developing military displays and for additional activity in the consumer display segment; and the outlook for continued strength in the Company's III-V business, driven by demand for GAIN-HBT transistors. 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)

Kopin Corporation

Condensed Consolidated Statements of Operations

(Unaudited)

	Three Months Ended		Six Months Ended	
	July 1, 2006	June 25, 2005	July 1, 2006	June 25, 2005
Revenues:				
Product revenues	\$18,117,679	\$20,481,962	\$35,063,614	\$37,747,260
Research and development revenues	808,759	555,616	2,552,686	2,194,250

	18,926,438	21,037,578	37,616,300	39,941,510
Expenses:				
Cost of product revenues	12,792,330	13,191,709	25,708,639	24,095,379
Research and development	2,541,393	2,705,638	5,438,852	6,104,969
Selling, general and administrative	3,940,144	3,907,982	7,507,578	7,171,572
Asset impairment	-	-	-	517,902
	19,273,867	19,805,329	38,655,069	37,889,822
(Loss) income from operations	(347,429)	1,232,249	(1,038,769)	2,051,688
Other income and (expense):				
Interest and other income	2,429,725	834,077	3,608,754	1,606,013
Interest and other expense	(167,137)	(2,973)	(515,833)	(197,463)
	2,262,588	831,104	3,092,921	1,408,550
Income before minority interest, income taxes and equity losses in unconsolidated affiliates	1,915,159	2,063,353	2,054,152	3,460,238
Minority interest in (loss) income of subsidiary	80,852	(114,058)	249,662	(158,006)
Income before income taxes and equity losses in unconsolidated affiliates	1,996,011	1,949,295	2,303,814	3,302,232
(Provision) benefit for income taxes	(14,068)	(75,988)	27,932	(108,227)
Income before equity losses in unconsolidated affiliates	1,981,943	1,873,307	2,331,746	3,194,005
Equity losses in unconsolidated affiliates	(106,380)	-	(378,103)	(149,508)
Net income	\$ 1,875,563	\$ 1,873,307	\$ 1,953,643	\$ 3,044,497
Net income per share:				
Basic	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.04
Diluted	\$ 0.03	\$ 0.03	\$ 0.03	\$ 0.04

Weighted average number of common shares outstanding:

Basic	68,268,009	69,520,488	68,525,537	69,779,619
Diluted	68,565,497	69,722,261	68,865,300	69,983,427

(Unaudited)

	July 1, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and marketable securities	\$ 111,766,698	\$ 119,756,865
Accounts receivable, net	15,186,955	13,014,815
Inventory	8,010,543	9,256,739
Prepaid and other current assets	1,706,683	1,900,479
Total current assets	136,670,879	143,928,898
Equipment and improvements, net	14,774,009	11,250,453
Other assets	10,760,578	11,152,666
Total assets	\$ 162,205,466	\$ 166,332,017
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,200,002	\$ 8,334,282
Accrued expenses	4,305,004	5,378,640
Billings in excess of revenue earned	1,063,092	1,080,810
Total current liabilities	12,568,098	14,793,732
Lease commitments	756,099	740,000
Minority interest	4,346,700	4,337,925
Stockholders' equity	144,534,569	146,460,360
Total liabilities and stockholders' equity	\$ 162,205,466	\$ 166,332,017
	=====	=====

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