

KOPIN CORP
Form 10-Q
November 05, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 26, 2009

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 0-19882

KOPIN CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware State or other jurisdiction of incorporation or organization	04-2833935 (I.R.S. Employer Identification No.)
200 John Hancock Rd., Taunton, MA (Address of principal executive offices)	02780-1042 (Zip Code)
Registrant's telephone number, including area code: (508) 824-6696	

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 filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of October 30, 2009
Common Stock, par value \$.01	66,265,045

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Kopin Corporation

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	September 26, 2009	December 27, 2008
ASSETS		
Current assets:		
Cash and equivalents	\$ 50,104,709	\$ 57,949,449
Marketable securities, at fair value	57,414,269	42,066,542
Accounts receivable, net of allowance of \$1,331,000 and \$664,000 in 2009 and 2008, respectively	18,545,514	14,394,306
Accounts receivable from unconsolidated affiliates, net of allowance of \$321,000 and \$507,000 in 2009 and 2008, respectively	2,584,891	2,814,447
Unbilled receivables	1,791,355	2,395,963
Inventory	15,537,285	13,269,486
Prepaid expenses and other current assets	3,460,760	1,366,968
Total current assets	149,438,783	134,257,161
Property, plant and equipment	20,803,370	19,359,874
Other assets	8,418,941	6,060,460
Total assets	\$ 178,661,094	\$ 159,677,495
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 9,788,836	\$ 7,744,005
Accounts payable to unconsolidated affiliates		992,990
Accrued payroll and expenses	3,025,597	2,304,210
Accrued warranty	1,600,000	1,250,000
Billings in excess of revenue earned	2,994,776	3,127,923
Other accrued liabilities	2,893,617	1,996,947
Total current liabilities	20,302,826	17,416,075
Asset retirement obligations	894,091	866,965
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$.01 per share: authorized, 3,000 shares; none issued		
Common stock, par value \$.01 per share: authorized, 120,000,000 shares; issued 73,576,799 shares in 2009 and 73,147,743 shares in 2008; outstanding 66,023,695 in 2009 and 68,257,748 in 2008	719,269	718,732
Additional paid-in capital	311,430,268	310,241,805
Treasury stock (5,661,879 and 3,615,480 shares in 2009 and 2008, respectively, at cost)	(19,852,316)	(14,552,865)
Accumulated other comprehensive income (loss)	2,957,602	(168,303)
Accumulated deficit	(141,868,426)	(157,757,433)
Total Kopin Corporation stockholders' equity	153,386,397	138,481,936

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Noncontrolling interest	4,077,780	2,912,519
Total stockholders' equity	157,464,177	141,394,455
Total liabilities and stockholders' equity	\$ 178,661,094	\$ 159,677,495

See notes to condensed consolidated financial statements

Table of Contents**KOPIN CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Revenues:				
Net product revenues	\$ 30,638,292	\$ 29,340,077	\$ 77,377,650	\$ 80,507,309
Research and development revenues	1,340,698	1,368,455	4,306,331	5,205,865
	31,978,990	30,708,532	81,683,981	85,713,174
Expenses:				
Cost of product revenues	20,652,628	19,415,672	54,696,123	58,423,275
Research and development	3,556,440	4,067,830	10,493,879	12,854,308
Selling, general, and administration	3,495,619	4,006,345	10,506,051	12,904,325
	27,704,687	27,489,847	75,696,053	84,181,908
Income from operations	4,274,303	3,218,685	5,987,928	1,531,266
Other income and expense:				
Interest income	501,269	715,181	1,766,071	2,474,938
Other income and (expense)	15,424	(10,918)	225,614	63,812
Foreign currency (losses) gains	(889,643)	1,168,966	(757,060)	1,944,426
Gain on remeasurement of investment in KTC	599,328		599,328	
Gain (loss) on loans to KTC	1,187,937	(75,725)	1,187,937	(75,725)
Impairment of investment in Kenet		(1,990,645)		(2,690,645)
Other-than-temporary impairment on marketable debt securities		(462,350)	(926,630)	(462,350)
Gain on sale of patents	2,119,064		6,231,849	
	3,533,379	(655,491)	8,327,109	1,254,456
Income before provision for income taxes, equity earnings (losses) in unconsolidated affiliates and net loss (income) of noncontrolling interest	7,807,682	2,563,194	14,315,037	2,785,722
Tax provision	(162,000)	(390,000)	(798,000)	(809,000)
Income before equity earnings (losses) in unconsolidated affiliates and net loss (income) of noncontrolling interest	7,645,682	2,173,194	13,517,037	1,976,722
Equity earnings (losses) in unconsolidated affiliates	772,424	(439,736)	481,766	(605,637)
Net income	8,418,106	1,733,458	13,998,803	1,371,085
Net loss (income) attributable to the noncontrolling interest	100,779	(235,154)	116,492	(596,799)
Net income attributable to the controlling interest	8,518,885	1,498,304	14,115,295	774,286
Net income per share				
Basic	\$ 0.13	\$ 0.02	\$ 0.21	\$ 0.01
Diluted	\$ 0.13	\$ 0.02	\$ 0.21	\$ 0.01
Weighted average number of common shares				

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Basic	66,214,047	67,774,347	67,023,695	67,749,273
Diluted	67,028,547	68,528,182	67,567,258	68,002,211

See notes to condensed consolidated financial statements

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	Three Months Ended		Nine Months Ended	
	September 26, 2009	September 27, 2008	September 26, 2009	September 27, 2008
Net income	\$ 8,418,106	\$ 1,733,458	\$ 13,998,803	\$ 1,371,085
Foreign currency translation gain (loss)	1,407,822	(2,665,624)	1,226,542	(4,870,267)
Unrealized holding gain on marketable securities	2,411,910	221,229	3,698,847	323,454
Reclassifications of gains in net income	(1,293)	(16,718)	(228,535)	(