

KOPIN CORP
Form 10-Q
May 10, 2012
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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 March 31, 2012

or

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

For the transition period from to

Commission file number 0-19882

KOPIN CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware	04-2833935
State or other jurisdiction of	(I.R.S. Employer
incorporation or organization	Identification No.)
200 John Hancock Rd., Taunton, MA	02780-1042
(Address of principal executive offices)	(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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

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 May 4, 2012
Common Stock, par value \$.01	66,824,889

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Kopin Corporation

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KOPIN CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and equivalents	\$ 43,391,619	\$ 43,095,163
Marketable debt securities, at fair value	58,568,406	62,323,387
Accounts receivable, net of allowance of \$450,000 and \$513,000 in 2012 and 2011, respectively	12,828,022	16,510,851
Accounts receivable from unconsolidated affiliates	2,370,281	1,340,788
Unbilled receivables	117,256	36,115
Inventory	23,012,921	21,415,517
Prepaid taxes	611,986	412,068
Prepaid expenses and other current assets	889,614	1,294,368
Total current assets	141,790,105	146,428,257
Property, plant and equipment, net	33,786,477	32,369,441
Deferred tax assets	3,920,401	4,201,627
Goodwill	1,640,416	1,664,457
Intangible assets, net	1,948,951	1,953,660
Other assets	9,902,139	7,946,087
Total assets	\$ 192,988,489	\$ 194,563,529
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 11,501,836	\$ 12,384,870
Accrued payroll and expenses	2,238,125	4,182,505
Accrued warranty	1,357,881	1,318,000
Billings in excess of revenue earned	2,445,827	2,467,461
Other accrued liabilities	3,561,546	2,126,954
Total current liabilities	21,105,215	22,479,790
Asset retirement obligations	1,316,828	1,295,670
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 76,117,721 shares in 2012 and 76,123,940 shares in 2011; outstanding 64,015,737 shares in 2012 and 64,361,491 shares in 2011	732,263	732,263
Additional paid-in capital	316,681,104	315,710,160
Treasury stock (9,210,521 and 8,864,767 shares in 2012 and 2011, respectively, at cost)	(32,267,486)	(30,995,449)
Accumulated other comprehensive income	6,143,114	4,146,024
Accumulated deficit	(126,217,486)	(124,008,273)

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Total Kopin Corporation stockholders' equity	165,071,509	165,584,725
Noncontrolling interest	5,494,937	5,203,344
Total stockholders' equity	170,566,446	170,788,069
Total liabilities and stockholders' equity	\$ 192,988,489	\$ 194,563,529

See notes to condensed consolidated financial statements.

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

	Three Months Ended	
	March 31,	March 26,
	2012	2011
Revenues:		
Net product revenues	\$ 24,654,794	\$ 32,920,991
Research and development revenues	592,691	2,013,501
	25,247,485	34,934,492
Expenses:		
Cost of product revenues	17,398,279	21,946,612
Research and development	5,128,996	6,384,749
Selling, general and administration	5,097,707	4,445,146
	27,624,982	32,776,507
(Loss) income from operations	(2,377,497)	2,157,985
Other income and expense:		
Interest income	233,555	263,692
Other income (expense), net	52,780	(33,557)
Foreign currency transaction losses	(198,344)	(290,959)
Gain on sale of investments	856,170	
Gain on sale of patents		155,658
	944,161	94,834
Loss (income) before provision for income taxes, equity loss in unconsolidated affiliate and net (income) loss of noncontrolling interest	(1,433,336)	2,252,819
Tax provision	(468,000)	(98,000)
(Loss) income before equity loss in unconsolidated affiliate and net (income) loss of noncontrolling interest	(1,901,336)	2,154,819
Equity loss in unconsolidated affiliate	(156,295)	(110,639)
Net (loss) income	(2,057,631)	2,044,180
Net (income) loss attributable to the noncontrolling interest	(151,582)	21,527
Net (loss) income attributable to the controlling interest	\$ (2,209,213)	\$ 2,065,707
Net (loss) income per share		
Basic	\$ (0.03)	\$ 0.03
Diluted	\$ (0.03)	\$ 0.03
Weighted average number of common shares outstanding		
Basic	64,225,456	64,736,842
Diluted	64,225,456	65,655,074

See notes to condensed consolidated financial statements.

Table of Contents**KOPIN CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME****(Unaudited)**

	Three Months Ended	
	March 31,	March 26,
	2012	2011
Net (loss) income	\$ (2,057,631)	\$ 2,044,180
Foreign currency translation adjustments	1,053,379	344,865
Holding gain on marketable securities	1,579,381	323,187
Reclassifications of gains in net (loss) income	(495,659)	(16,959)
Comprehensive income	79,470	2,695,273
Comprehensive (income) loss attributable to the noncontrolling interest	(291,593)	18,654
Comprehensive (loss) income attributable to the controlling interest	\$ (212,123)	\$ 2,713,927

See notes to condensed consolidated financial statements.

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KOPIN CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY
(Unaudited)

	Common Stock		Additional	Treasury	Accumulated	Accumulated	Total Kopin	Noncontrolling	Total
	Shares	Amount	Paid-in	Stock	Other	Deficit	Corporation	interest	Stockholders
			Capital		Comprehensive		Stockholders		Equity
					Income		Equity		Equity
Balance									
December 31, 2011	73,226,258	\$ 732,263	\$ 315,710,160	\$ (30,995,449)	\$ 4,146,024	\$ (124,008,273)	\$ 165,584,725	\$ 5,203,344	\$ 170,788,069
Stock-based compensation expense			970,944				970,944		970,944
Net unrealized holding gain on marketable securities					1,083,722		1,083,722		1,083,722
Foreign currency translation adjustments					913,368		913,368	140,011	1,053,379
Treasury stock purchase				(1,272,037)			(1,272,037)		(1,272,037)
Net (loss) income									