

CYBEROPTICS CORP
Form 10-Q
August 12, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Check One)

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

For the quarterly period ended June 30, 2009

**o TRANSITION PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT**

For the transition period from _____ to _____

COMMISSION FILE NO. (0-16577)

CYBEROPTICS CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of
incorporation or organization)

41-1472057

(I.R.S. Employer
Identification No.)

5900 Golden Hills Drive

MINNEAPOLIS, MINNESOTA

(Address of principal executive offices)

55416

(Zip Code)

(763) 542-5000

(Registrant's telephone number, including area code)

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 such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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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 definition of "accelerated filer" or "large accelerated filer" 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 Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. At July 31, 2009, there were 6,803,880 shares of the registrant's Common Stock, no par value, issued and outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS

CYBEROPTICS CORPORATION

(Unaudited)

(In thousands except share information)	June 30, 2009	December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 1,719	\$ 4,516
Marketable securities	14,219	10,433
Accounts receivable, less allowance for doubtful accounts of \$1,036 at June 30, 2009 and \$250 at December 31, 2008	4,793	6,951
Inventories	10,335	9,869
Other current assets	3,931	2,579
Deferred tax assets	2,894	2,604
Total current assets	37,891	36,952
Marketable securities	7,451	14,834
Equipment and leasehold improvements, net	2,244	2,615
Intangible and other assets, net	894	956
Goodwill	569	569
Other assets	188	189
Deferred tax assets	3,875	2,834
Total assets	\$ 53,112	\$ 58,949
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 2,345	\$ 2,753
Advance customer payments	766	684
Accrued expenses	2,628	3,054
Total current liabilities	5,739	6,491
Other liabilities	911	1,578
Total liabilities	6,650	8,069
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, 5,000,000 shares authorized, none outstanding		
Common stock, no par value, 37,500,000 shares authorized, 6,783,070 shares issued outstanding at June 30, 2009 and 6,769,295 at December 31, 2008	29,397	29,156
Accumulated other comprehensive loss	(833)	(530)
Retained earnings	17,898	22,254
Total stockholders' equity	46,462	50,880
Total liabilities and stockholders' equity	\$ 53,112	\$ 58,949

SEE THE ACCOMPANYING NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
CYBEROPTICS CORPORATION
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenues	\$ 5,179	\$ 13,391	\$ 9,541	\$ 27,198
Cost of revenues	3,581	7,469	6,565	14,837
Gross margin	1,598	5,922	2,976	12,361
Research and development expenses	1,730	2,560	3,807	5,172
Selling, general and administrative expenses	3,702	3,865	6,634	7,295
Severance and recruitment expenses	90	185	395	378
Amortization of intangibles	46	45	91	90
Loss from operations	(3,970)	(733)	(7,951)	(574)
Interest income and other	150	245	358	763
Income (loss) before income taxes	(3,820)	(488)	(7,593)	189
Income tax provision (benefit)	(1,897)	(219)	(3,237)	31
Net income (loss)	\$ (1,923)	\$ (269)	\$ (4,356)	\$ 158
Net income (loss) per share Basic	\$ (0.28)	\$ (0.03)	\$ (0.64)	\$ 0.02
Net income (loss) per share Diluted	\$ (0.28)	\$ (0.03)	\$ (0.64)	\$ 0.02
Weighted average shares outstanding Basic	6,781	8,283	6,776	8,433
Weighted average shares outstanding Diluted	6,781	8,283	6,776	8,471

SEE THE ACCOMPANYING NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
CYBEROPTICS CORPORATION
(Unaudited)

(In thousands)	Six Months Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (4,356)	\$ 158
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	1,161	1,103
Provision for doubtful accounts	804	(30)
Deferred tax benefit	(1,351)	
Foreign currency transaction (gains) losses	(145)	2
Stock compensation costs	262	255
Realized gains on available for sale marketable securities	(24)	
Unrealized loss on available for sale marketable equity security		166
Changes in operating assets and liabilities:		
Accounts receivable	1,354	(980)
Inventories	(678)	44
Other current assets	(1,242)	(734)
Accounts payable	(427)	714
Advance customer payments	82	(301)
Accrued expenses	(1,101)	(194)
Net cash provided (used) by operating activities	(5,661)	203
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of available for sale marketable securities	5,612	9,207
Proceeds from sales of available for sale marketable securities	2,478	
Purchases of available for sale marketable securities	(4,759)	(10,086)
Additions to equipment and leasehold improvements	(296)	(808)
Additions to patents	(184)	(203)
Net cash provided (used) by investing activities	2,851	(1,890)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options		12
Excess tax benefit from exercise of stock options		2
Repurchase of common stock		(5,854)
Net cash provided (used) by financing activities		(5,840)
Effects of exchange rate changes on cash and cash equivalents	13	(28)
Net decrease in cash and cash equivalents	(2,797)	(7,555)
Cash and cash equivalents beginning of period	4,516	18,864
Cash and cash equivalents end of period	\$ 1,719	\$ 11,309

SEE THE ACCOMPANYING NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CYBEROPTICS CORPORATION**

1. INTERIM REPORTING:

The interim condensed consolidated financial statements presented herein as of June 30, 2009, and for the three and six month periods ended June 30, 2009 and 2008, are unaudited, but in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of financial position, results of operations and cash flows for the periods presented. Certain reclassification of previously reported amounts have been made to conform that presentation to the current period presentation.

The results of operations for the three and six month periods ended June 30, 2009 do not necessarily indicate the results to be expected for the full year. The December 31, 2008 consolidated balance sheet data was derived from audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America. These unaudited interim condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto, contained in our Annual Report on Form 10-K for the year ended December 31, 2008.

We evaluated subsequent events (see Note 15) through August 12, 2009, the issuance date of our consolidated financial statements for the period ended June 30, 2009, as this is the date on which we filed such financial statements on Form 10-Q with the SEC.

2. MARKETABLE SECURITIES:

Our investments in marketable securities are classified as available for sale and consist of the following:

(In thousands)	June 30, 2009			Fair Value
	Amortized Cost	Unrealized Gains	Unrealized Losses	
<u>Short Term</u>				
U.S. government and agency obligations	\$ 11,484	193		11,677
Corporate debt securities and certificates of deposit	2,535	7		2,542
Marketable securities short term	\$ 14,019	200		14,219
<u>Long Term</u>				
U.S. government and agency obligations	\$ 6,159	215		6,374
Corporate debt securities and certificates of deposit	690	18		708
Asset backed securities	318	11		329
Equity securities	84		(44)	40
Marketable securities long term	\$ 7,251	244	(44)	7,451
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(In thousands)	December 31, 2008			Fair Value
	Amortized Cost	Unrealized Gains	Unrealized Losses	
<u>Short Term</u>				
U.S. government and agency obligations	\$ 8,793	130		8,923
Corporate debt securities and certificates of deposit	1,500	10		1,510
Marketable securities short term	\$ 10,293	140		10,433
<u>Long Term</u>				
U.S. government and agency obligations	\$ 11,739	489		12,228
Corporate debt securities	1,010	9	(2)	1,017
Asset backed securities	1,560	9	(10)	1,559
Equity securities				