

CYBEROPTICS CORP
Form 10-Q
August 10, 2012

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, 2012

**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

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such 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 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, 2012, there were 6,957,875 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, 2012	December 31, 2011
ASSETS		
Cash and cash equivalents	\$ 10,863	\$ 13,791
Marketable securities	10,859	10,640
Accounts receivable, less allowance for doubtful accounts of \$860 at June 30, 2012 and \$940 at December 31, 2011	8,627	11,909
Inventories	12,249	11,052
Income tax refunds receivable	539	196
Other current assets	1,433	1,238
Deferred tax assets, net	2,372	2,518
Total current assets	46,942	51,344
Marketable securities, long-term	10,566	6,106
Equipment and leasehold improvements, net	1,520	1,400
Intangible and other assets, net	227	230
Goodwill	569	569
Other assets	138	137
Deferred tax assets, net	3,045	3,130
Total assets	\$ 63,007	\$ 62,916
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 4,740	\$ 4,081
Advance customer payments	590	655
Accrued expenses	2,385	3,657
Total current liabilities	7,715	8,393
Deferred rent	462	327
Deferred warranty revenue	197	353
Deferred tax liability	34	34
Reserve for income taxes	820	840
Total liabilities	9,228	9,947
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, 5,000,000 shares authorized, none outstanding		
Common stock, no par value, 25,000,000 shares authorized, 6,938,116 shares issued and outstanding at June 30, 2012 and 6,933,029 shares issued and outstanding at December 31, 2011	31,131	30,965
Accumulated other comprehensive loss	(517)	(926)
Retained earnings	23,165	22,930
Total stockholders' equity	53,779	52,969
Total liabilities and stockholders' equity	\$ 63,007	\$ 62,916

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,	
	2012	2011	2012	2011
Revenues	\$ 13,003	\$ 16,859	\$ 24,283	\$ 30,209
Cost of revenues	7,474	9,352	13,519	16,095
Gross margin	5,529	7,507	10,764	14,114
Research and development expenses	2,062	1,947	3,979	3,765
Selling, general and administrative expenses	3,369	3,671	6,595	7,328
Amortization of intangibles		45		90
Income from operations	98	1,844	190	2,931
Interest income and other	(76)	(7)	(41)	79
Income before income taxes	22	1,837	149	3,010
Income tax provision (benefit)	(121)	439	(86)	766
Net income	\$ 143	\$ 1,398	\$ 235	\$ 2,244
Net income per share Basic	\$ 0.02	\$ 0.20	\$ 0.03	\$ 0.33
Net income per share Diluted	\$ 0.02	\$ 0.20	\$ 0.03	\$ 0.32
Weighted average shares outstanding Basic	6,935	6,894	6,934	6,893
Weighted average shares outstanding Diluted	6,994	6,948	6,988	6,941

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
CYBEROPTICS CORPORATION
(Unaudited)

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$ 143	\$ 1,398	\$ 235	\$ 2,244
Other comprehensive income (loss), before tax:				
Foreign currency translation adjustments	(79)	145	132	243
Unrealized gains (losses) on available-for-sale securities:				
Unrealized gains (losses) on available-for-sale securities for the period	5	42	(1)	51
Reclassification adjustment for (gains) included in net income	(4)		(4)	
Total unrealized gains (losses) on available-for-sale securities	1	42	(5)	51
Unrealized gains (losses) on foreign exchange forward contracts:				
Unrealized gains (losses) on foreign exchange forward contracts for the period	(69)	218	254	190
Reclassification adjustment for (gains) losses included in net income	95	(68)	170	(39)
Total unrealized gains on foreign exchange forward contracts	26	150	424	151
Other comprehensive income (loss), before tax	(52)	337	551	445
Income tax expense related to items of other comprehensive income	(6)	(66)	(142)	(68)
Other comprehensive income (loss), net of tax	(58)	271	409	377
Total comprehensive income	\$ 85	\$ 1,669	\$ 644	\$ 2,621

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,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 235	\$ 2,244
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	913	1,136
Provision for doubtful accounts	(80)	
Deferred taxes		327
Foreign currency transaction (gains) losses	57	(36)
Realized gains on available for sale securities	(4)	
Stock compensation costs	253	248
Changes in operating assets and liabilities:		
Accounts receivable	3,361	(2,257)
Inventories	(1,441)	(216)
Income tax refunds receivable	(343)	48
Other assets	(143)	213
Accounts payable	622	152
Advance customer payments	(221)	(48)
Accrued expenses	(747)	287
Net cash provided by operating activities	2,462	2,098
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturities of available-for-sale marketable securities	6,460	5,109
Proceeds from sales of available-for-sale marketable securities	2,304	1,848
Purchases of available-for-sale marketable securities	(13,497)	(9,381)
Additions to equipment and leasehold improvements	(612)	(216)
Additions to patents	(75)	(54)
Net cash used in investing activities	(5,420)	(2,694)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options		12
Net cash provided by financing activities		12
Effects of exchange rate changes on cash and cash equivalents	30	15
Net decrease in cash and cash equivalents	(2,928)	(569)
Cash and cash equivalents beginning of period		