

Kopin's HBTs drive III-V business up 34% year-over-year

Epiwafer and displays specialist, Kopin was in a good mood when releasing its latest financials. It has continued to ride the handset boom and recently opened a new office in Hong Kong.

"With a global handset market projected to produce over 950m units in 2006, Kopin has begun a major capacity expansion to accommodate increased demand for our HBT transistors," President and CEO 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."

Kopin Corporation's financial results for the second quarter ended July 1, 2006, showed revenue of \$18.9m, in line with guidance with net income of \$1.9m identical to second quarter of 2005. However, during the second quarter 2006, Kopin had sold shares in Micrel Semiconductor, recording a gain of \$1.2m.

III-Vs revenue were \$12.1m, compared with \$9.0m in the second quarter of 2005 and

\$12.8m in the first quarter of 2006. Included in the first quarter of 2006 was \$850,000 of revenue related to R&D and training services performed and completed by the Company for its KoBrite LED JV.

"As demonstrated by the 34% year-over-year growth in III-V revenue, our HBT products enjoyed a strong second quarter," said Dr. 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." Also, Kopin Corporation celebrated the grand opening of its Hong Kong subsidiary, Kopin (HK) Ltd. Located at the Hong Kong Science and Technology Park, Kopin (HK) will provide technical assistance to video eyewear manufacturers in the Hong Kong/China region and serve as an application development centre for video eyewear.

For more details, visit www.kopin.com

OCP acquires FTTH player

Optical Communication Products, Inc., the manufacturer of optical subsystems and modules, has agreed to acquire privately-held GigaComm Corp., the Taiwan-based supplier of passive optical network (PON) fibre-to-the-home (FTTH) components, in an all-cash transaction worth \$20m.

GigaComm provides PON components to many of Japan's leading technology companies, including Mitsubishi Electric Co.

The transaction is OCP's initial venture in Asia and is part of OCP's strategy to make its product offerings more comprehensive, bring focus to its efforts in Asia, and to extend the Company globally. The strategic combination is expected to increase OCP's level of current revenues by approximately 25%.

GigaComm holds the majority of the country's market share for Gigabit Ethernet Passive Optical Network (GEPON) modules. This standard is deployed in Japan to enable data, video and IP voice services over fibre networks. NTT expects to have 30m FTTH subscribers by 2010.

GigaComm gives OCP instant penetration into the Asian market, as well as positioning to exploit the emerging GEPON markets in North America and Europe. It also provides an enhanced ability to increase capacity through its integrated manufacturing facility, an important second and competitive source of lasers, and a talented pool of engineers and management in Asia, OCP said.

For more details, visit www.ocp-inc.com

Chip gear sales to fall by mid-2007

Production equipment has enjoyed robust demand for some time, but the latest quarterly 'EquipmentFutures' report says that previous double-digit sales growth rates will drop to single-digit sooner than previously forecast.

The quarterly updated forecast offered by Strategic Marketing Associates (SMA) and Wright Williams & Kelly, Inc. (WWK), projects annual sales growth to decelerate to about a 5.0% rate by mid-2007, followed by a more attractive cumulative growth rate of about 17% p.a. over the next four years. Distinguishing itself from other industry forecasts, EquipmentFutures takes into account not only semiconductor and equipment sales but also end market demand.

"Although June quarter equipment sales were up nearly 60% compared to the same quarter a year ago, we anticipate a more rapid deceleration to single-digit sales growth by mid-2007," said George Burns, SMA president. He noted that the semiconductor industry continues to follow historical cyclical growth patterns dating back to 1976, adding that current market research still supports equipment sales strengthening by mid-2008 as chip makers add production equipment required to support the most advanced process technologies.

Consumer electronics is forecast to grow at an average of about 19% p.a. over the next five years, over a percentage point higher than equipment sales.

More details: www.wwk.com or www.scfab.com