

UNIVERSAL DISPLAY CORP \PA\
Form 10-Q
August 09, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

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 1-12031

UNIVERSAL DISPLAY CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

23-2372688
(I.R.S. Employer Identification No.)

375 Phillips Boulevard
Ewing, New Jersey
(Address of principal executive offices)

08618
(Zip Code)

Registrant's telephone number, including area code: (609) 671-0980

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 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 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 the 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 (Do not check if a smaller reporting company)

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

As of August 2, 2010, the registrant had outstanding 38,190,299 shares of common stock.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	June 30, 2010	December 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$11,754,285	\$22,701,126
Short-term investments	54,338,639	41,172,955
Accounts receivable	3,885,380	3,344,255
Other current assets	456,068	411,240
Total current assets	70,434,372	67,629,576
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$16,606,630 and \$15,788,490	10,248,341	11,048,763
ACQUIRED TECHNOLOGY, net of accumulated amortization of \$16,563,982 and \$15,716,446	386,736	1,234,272
OTHER ASSETS	270,932	227,276
TOTAL ASSETS	\$81,340,381	\$80,139,887
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$1,747,143	\$1,275,695
Accrued expenses	4,378,779	5,238,870
Deferred license fees	4,028,487	6,047,467
Deferred revenue	864,881	1,403,927
Total current liabilities	11,019,290	13,965,959
DEFERRED LICENSE FEES	3,105,933	2,826,237
STOCK WARRANT LIABILITY	5,589,350	3,720,165
RETIREMENT PLAN BENEFIT LIABILITY	5,807,038	—
Total liabilities	25,521,611	20,512,361
COMMITMENTS AND CONTINGENCIES (Note 10)		
SHAREHOLDERS' EQUITY:		
Preferred Stock, par value \$0.01 per share, 5,000,000 shares authorized, 200,000 shares of Series A Nonconvertible Preferred Stock issued and outstanding (liquidation value of \$7.50 per share or \$1,500,000)	2,000	2,000
	381,971	368,184

Common Stock, par value \$0.01 per share, 100,000,000 and 50,000,000 shares authorized, 38,197,078 and 36,818,440 shares issued and outstanding at June 30, 2010 and December 31, 2009, respectively		
Additional paid-in capital	265,437,511	256,340,530
Accumulated deficit	(204,523,131)	(197,108,705)
Accumulated other comprehensive (loss) income	(5,479,581)	25,517
Total shareholders' equity	55,818,770	59,627,526
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$81,340,381	\$80,139,887

The accompanying notes are an integral part of these consolidated statements.

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UNIVERSAL DISPLAY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended June	
	30,	
	2010	2009
REVENUE:		
Commercial revenue	\$ 1,951,892	\$ 1,239,056
Developmental revenue	6,494,937	1,717,298
Total revenue	8,446,829	2,956,354
OPERATING EXPENSES:		
Cost of chemicals sold	1,017,416	318,191
Research and development	4,701,508	5,324,695
Selling, general and administrative	3,624,582	2,715,071
Patent costs	843,907	823,729
Royalty and license expense	168,560	85,431
Total operating expenses	10,355,973	9,267,117
Operating loss	(1,909,144)	(6,310,763)
INTEREST INCOME	61,125	188,593
INTEREST EXPENSE	(5,648)	(298)
LOSS ON STOCK WARRANT LIABILITY	(2,582,428)	(292,710)
NET LOSS	\$ (4,436,095	