

Rubicon Technology, Inc.
Form 10-Q
August 10, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 2017

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 001-33834

RUBICON TECHNOLOGY, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware **36-4419301**
(State or Other Jurisdiction of **(I.R.S. Employer**
Incorporation or Organization) **Identification No.)**
900 East Green Street
Bensenville, Illinois **60106**
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (847) 295-7000

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of August 7, 2017, the Registrant had 2,724,316 shares of common stock, par value \$0.001 per share, outstanding.

RUBICON TECHNOLOGY, INC.

Quarterly Report on Form 10-Q

For the quarterly period ended June 30, 2017

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PART I FINANCIAL INFORMATION**ITEM 1. Consolidated Financial Statements****Rubicon Technology, Inc.****Consolidated balance sheets**

	June 30, 2017 (unaudited)	December 31, 2016
	(in thousands, other than share data)	
Assets		
Cash and cash equivalents	\$ 17,772	\$ 17,672
Restricted cash	170	163
Accounts receivable, net	581	2,585
Inventories	4,714	8,000
Other inventory supplies	1,109	1,486
Prepaid expenses and other current assets	549	1,082
Assets held for sale	16,147	14,761
Total current assets	41,042	45,749
Property and equipment, net	1,275	7,110
Other assets	—	154
Total assets	\$ 42,317	\$ 53,013
Liabilities and stockholders' equity		
Accounts payable	\$ 509	\$ 948
Accrued payroll	293	182
Accrued and other current liabilities	530	602
Corporate income and franchise taxes	466	568
Accrued real estate taxes	270	241
Advance payments	12	23
Total current liabilities	2,080	2,564
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$0.001 par value, 5,000,000 undesignated shares authorized, no shares issued or outstanding	—	—

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Common stock, \$0.001 par value, 8,200,000 shares authorized and 2,896,964 and 2,860,367 shares issued; 2,719,480 and 2,682,882 shares outstanding	29	29
Additional paid-in capital	375,353	374,903
Treasury stock, at cost, 177,484 shares	(12,148)	(12,148)
Accumulated other comprehensive loss	(10)	(30)
Accumulated deficit	(322,987)	(312,305)
Total stockholders' equity	40,237	50,449
Total liabilities and stockholders' equity	\$ 42,317	\$ 53,013

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

Rubicon Technology, Inc.**Consolidated statements of operations**

	Three months ended June 30, 2017		Six months ended June 30, 2017	
	2016	2017	2016	2017
	(unaudited)			
	(in thousands, other than share data)			
Revenue	\$1,053	\$3,535	\$2,322	\$7,822
Cost of goods sold	3,889	7,586	6,739	17,292
Gross loss	(2,836)	(4,051)	(4,417)	(9,470)
Operating expenses:				
General and administrative	1,299	2,695	3,110	4,462
Sales and marketing	194	361	438	752
Research and development	195	652	836	1,231
Loss on disposal of assets	432	126	1,181	126
Asset impairment charge	675	265	675	265
Loss from operations	(5,631)	(8,150)	(10,657)	(16,306)
Other income (expense):				
Interest income	28	19	34	43
Interest expense	—	(36)	—	(71)
Realized gain (loss) on foreign currency translation	13	(216)	19	467
Total other income (expense)	41	(233)	53	439
Loss before income taxes	(5,590)	(8,383)	(10,604)	(15,867)
Income tax benefit (expense)	(17)	174	(78)	325
Net loss	\$(5,607)	\$(8,209)	\$(10,682)	\$(15,542)
Net loss per common share				
Basic	\$(2.16)	\$(3.12)	\$(4.04)	\$(5.92)
Diluted	\$(2.16)	\$(3.12)	\$(4.04)	\$(5.92)
Weighted average common shares outstanding used in computing net loss per common share	2,608,814	2,629,640	2,641,144	2,626,151

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

Rubicon Technology, Inc.

Consolidated statements of comprehensive loss

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(unaudited)			
	(in thousands)			
Net loss	\$ (5,607)	\$ (8,209)	\$ (10,682)	\$ (15,542)
Other comprehensive income:				
Unrealized gain on investments, net of tax	—	—	12	5
Unrealized gain on currency translation	(2)	6	8	4
Other comprehensive income	(2)	6	20	9
Comprehensive loss	\$ (5,609)	\$ (8,203)	\$ (10,662)	\$ (15,533)

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

Rubicon Technology, Inc.**Consolidated statements of cash flows**

	Six months ended June 30,	
	2017	2016
	(unaudited)	
	(in thousands)	
Cash flows from operating activities		
Net loss	\$(10,682)	\$(15,542)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	868	3,291
Net loss on disposal of assets	1,181	126
Asset impairment charge	675	265
Stock-based compensation	623	731
Deferred taxes	—	(337)
Changes in operating assets and liabilities:		
Accounts receivable	2,004	(999)
Inventories	1,386	505
Inventory reserves	1,900	188
Other inventory supplies	256	232
Prepaid expenses and other assets	692	1,164
Accounts payable	(437)	330
Accrued payroll	109	49
Corporate income and franchise taxes	(101)	(97)
Advanced payments	(12)	20
Accrued and other current liabilities	(47)	(919)
Net cash used in operating activities	(1,585)	(10,993)
Cash flows from investing activities		
Purchases of property and equipment	—	(660)
Proceeds from disposal of assets	1,849	190
Purchases of investments	(9)	(18)
Proceeds from sale of investments	21	7,912
Net cash provided by investing activities	1,861	7,424
Cash flows from financing activities		
Taxes paid related to net share settlement of equity awards	(173)	(1)
Restricted cash	(7)	(12)
Net cash used in financing activities	(180)	(13)
Net effect of currency translation	4	(567)
Net decrease in cash and cash equivalents	100	(4,149)
Cash and cash equivalents, beginning of period	17,672	21,216

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Cash and cash equivalents, end of period	\$17,772	\$17,067
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The accompanying notes are an integral part of these consolidated statements.

Rubicon Technology, Inc.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

1. BASIS OF PRESENTATION

Interim financial data

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information an