

ALLIANCE FIBER OPTIC PRODUCTS INC

FORM 8-K

(Current report filing)

Filed 01/28/10 for the Period Ending 12/31/09

Address	275 GIBRALTAR DRIVE SUNNYVALE, CA 94089
Telephone	4087366900
CIK	0001122342
Symbol	AFOPD
SIC Code	3674 - Semiconductors and Related Devices
Industry	Semiconductors
Sector	Technology
Fiscal Year	12/31

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 28, 2010

ALLIANCE FIBER OPTIC PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware 0-31857 77-0554122

(State or other jurisdiction (Commission (IRS Employer
of incorporation) File Number) Identification No.)

275 Gibraltar Drive, Sunnyvale, California 94089

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (408) 736-6900

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

The information in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, except as shall be expressly set forth by specific reference in such a filing.

On January 28, 2010, Alliance Fiber Optic Products, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2010. A copy of the earnings release is furnished herewith as Exhibit 99.1.

Item 8.01. Other Events.

Alliance Fiber Optic Products, Inc.'s (the Company) 2010 Annual Meeting of Stockholders will be held on May 14, 2010 at such place and time as will be set forth in the Company's proxy statement relating to that meeting. A stockholder proposal not included in the proxy statement for the 2010 Annual Meeting will be ineligible for presentation at the meeting unless the stockholder gives timely notice of the proposal in writing to the Company's Secretary at the Company's principal executive offices and otherwise complies with the provisions of the Company's Bylaws. To be timely, the Company's Bylaws provide that the Company must have received the stockholder's notice not less than 60 days nor more than 90 days prior to the scheduled date of such meeting. However, if notice or prior public disclosure of the date of the annual meeting is given or made to stockholders less than 75 days prior to the meeting date, the Company must receive the stockholder's notice by the earlier of (i) the close of business on the 15th day after the earlier of the day the Company mailed notice of the annual meeting date or provided such public disclosure of the meeting date and (ii) two days prior to the scheduled date of the annual meeting. For the Company's 2010 Annual Meeting of Stockholders, stockholders must submit written notice to the Secretary in accordance with the foregoing Bylaw provisions no earlier than February 13, 2010 and no later than March 15, 2010.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit</u>	<u>Description</u>
----------------	--------------------

99.1	Press Release dated January 28, 2010 announcing fourth quarter and year end 2009 results.
------	---

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated January 28, 2010 announcing fourth quarter and year end 2009 results.

Contact:

Anita Ho
Acting Chief Financial Officer
Alliance Fiber Optic Products, Inc.
Phone: 408-736-6900 x168

January 28, 2010

AFOP REPORTS ANNUAL RESULTS - 2009 ENDS WITH IMPROVED 4th QUARTER

Sunnyvale, CA – January 28, 2010 - Alliance Fiber Optic Products, Inc. (Nasdaq CM: AFOP), an innovative supplier of fiber optic components, subsystems and integrated modules for the optical network equipment market, today reported its financial results for the fourth quarter and year ended December 31, 2009.

Revenues for the fourth quarter of 2009 totaled \$7,517,000, an 8% increase from revenues of \$6,951,000 reported in the previous quarter, and are lower than the revenues of \$8,201,000 reported in the fourth quarter of 2008. The Company recorded net income for the fourth quarter of 2009 of \$428,000, or \$0.01 per share based on 42.2 million shares outstanding, compared to \$271,000, or \$0.01 per share based on 42.0 million shares outstanding, for the third quarter of 2009. This compares to net income for the fourth quarter of 2008 \$820,000, or \$0.02 per share based on 41.8 million shares outstanding.

Revenues for fiscal year 2009 were \$29,834,000, compared with the revenues of \$38,754,000 in fiscal year 2008. The Company recorded a net profit for fiscal year 2009 of \$ 1,433,000 or \$0.03 per share based on 42.0 million shares outstanding. This compared with a net profit of \$4,066,000 or \$0.10 per share for the previous year. On an annual operating income basis, the Company generated \$751,000 in fiscal year 2009.

Included in expenses for the quarter ended December 31, 2009 was \$33,000 of stock-based compensation charges under SFAS 123(R), compared to \$30,000 of stock-based compensation charges for the quarter ended December 31, 2008. Included in expenses for the year ended December 31, 2009 was \$112,000 of stock-based compensation charges under SFAS 123(R), compared to \$161,000 of stock-based compensation charges for the year ended December 31, 2008.

Peter Chang, President and Chief Executive Officer, commented, "We persevered through a challenging 2009 and ended with sequential growth in the fourth quarter. Despite our year over year revenue decline, we were pleased that we are able to manage each quarter in 2009 with positive operating profits and positive net profits through our continued progress in technology and manufacturing excellence."

"Our balance sheet was strong in 2009. At the end of 2009, inventory improved from the previous year and most importantly, our cash and short-term investments, together with our ARS Right, increased to \$42.2 million."

"We are proud of our achievements in a difficult year, and we enter this next decade with confidence as we are financially sound, are experiencing increasing interest in our expanding product portfolio, and are growing our base of customers throughout the world. We expect that revenues for the coming quarter will continue the recent sequential growth pattern. Additionally, with our continued focus on operational efficiencies, we expect to generate profits from operations in the coming quarters of 2010, while continuing to invest in growth opportunities for our business." concluded Mr. Chang.

Conference Call

Management will host a conference call at 1:30 p.m. Pacific Time on January 28, 2010 to discuss AFOP's fourth quarter and fiscal year 2009 financial results. To participate in AFOP's conference call, please call 877-407-9210 at least ten minutes prior to the call in order for the operator to connect you. The confirmation number for the call is 341735. AFOP will also provide a live webcast of its fourth quarter and fiscal year 2009 conference call at AFOP's website www.afop.com. An audio replay will be available until February 11, 2010. The dial in number for the replay is 877-660-6853 or 201-612-7415. The replay passcodes (account # 286; conference ID#: 341735) are both required for the replay.

About AFOP

Founded in 1995, Alliance Fiber Optic Products, Inc. designs, manufactures and markets a broad range of high performance fiber optic components and integrated modules. AFOP's products are used by leading and emerging communications equipment manufacturers to deliver optical networking systems to the long-haul, enterprise, metropolitan and last mile access segments of the communications network. AFOP offers a broad product line of passive optical components including interconnect systems, couplers and splitters, thin film CWDM and DWDM components and modules, optical attenuators, and micro-optics devices. AFOP is headquartered in Sunnyvale, California, with manufacturing and product development capabilities in the United States, Taiwan and China. AFOP's website is located at <http://www.afop.com>.

Except for the historical information contained herein, the matters set forth in this press release, including statements as to our expectations regarding future revenue levels, our ability to generate profits from operations and the time periods thereof, our beliefs regarding business conditions, our customer

base, our product portfolio, our ability to continue to focus on our operational efficiencies or our successes in doing so, and our ability to continue to invest in growth opportunities, are forward looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including, but not limited to general economic conditions and trends, the impact of competitive products and pricing, timely introduction of new technologies, timely design acceptance by our customers, the acceptance of new products and technologies by our customers, customer demand for our products, the timing of customer orders, loss of key customers, ability to ramp new products into volume production, the costs associated with running our operations, industry-wide shifts in supply and demand for optical components and modules, industry overcapacity, failure of cost control initiatives, financial stability in foreign markets, and other risks detailed from time to time in our SEC reports, including AFOP's Form 10-Q for the quarter ended September 30, 2009. These forward-looking statements speak only as of the date hereof. AFOP disclaims any intention or obligation to update or revise any forward-looking statements.

ALLIANCE FIBER OPTIC PRODUCTS, INC.
Condensed Consolidated Balance Sheets
(in thousands)
(Unaudited)

	Dec 31, 2009	Dec. 31, 2008
ASSETS		
Current assets:		
Cash and short-term investments	\$ 40,492	\$ 23,954
Other current asset - ARS Right	1,779	-
Accounts receivable	4,952	4,708
Inventories	4,984	5,614
Other current assets	515	379
Total current assets	52,722	34,655
Long-term investments	-	13,718
Other asset - ARS Right	-	2,582
Property and equipment, net	4,434	4,653
Other assets	233	190
Total assets	\$ 57,389	\$ 55,798
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,701	\$ 3,572
Accrued expenses and other liabilities	3,936	3,374
Total current liabilities	7,637	6,946
Long-term liabilities	813	891
Total liabilities	8,450	7,837
Stockholders' equity	48,939	47,961
Total liabilities and stockholders' equity	\$ 57,389	\$ 55,798

ALLIANCE FIBER OPTIC PRODUCTS, INC.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended			Twelve Months Ended	
	Dec. 31 2009	Sept. 30, 2009	Dec. 31 2008	Dec. 31 2009	Dec. 31 2008
Revenues	\$ 7,517	\$ 6,951	\$ 8,201	\$ 29,834	\$ 38,754

Cost of revenues	<u>5,151</u>	<u>4,686</u>	<u>5,662</u>	<u>20,504</u>	<u>26,589</u>
Gross profit	<u>2,366</u>	<u>2,265</u>	<u>2,539</u>	<u>9,330</u>	<u>12,165</u>
Operating expenses:					
Research and development	760	721	645	2,972	3,322
Sales and marketing	535	530	485	2,276	2,406
General and administrative	<u>817</u>	<u>899</u>	<u>812</u>	<u>3,331</u>	<u>3,487</u>
Total operating expenses	<u>2,112</u>	<u>2,150</u>	<u>1,942</u>	<u>8,579</u>	<u>9,215</u>
Income from operations	254	115	597	751	2,950
Interest and other income, net	<u>196</u>	<u>176</u>	<u>319</u>	<u>766</u>	<u>1,315</u>
Net income before tax	\$ 450	\$ 291	\$ 916	\$ 1,517	\$ 4,265
Income tax	22	20	96	84	199
Net income	<u>\$ 428</u>	<u>\$ 271</u>	<u>\$ 820</u>	<u>\$ 1,433</u>	<u>\$ 4,066</u>
Net income per share:					
Basic	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.10
Diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.03	\$ 0.10
Weighted average shares outstanding:					
Basic	42,213	42,035	41,796	42,026	41,601
Diluted	42,876	42,607	41,827	42,279	41,657
Included in costs and expenses above:					
Stock based compensation charges					
Cost of revenue	\$ 12	\$ 12	\$ 15	\$ 49	\$ 74
Research and development	5	6	6	22	32
Sales and marketing	3	1	4	10	22
General and administrative	<u>13</u>	<u>10</u>	<u>5</u>	<u>31</u>	<u>33</u>
Total	<u>\$ 33</u>	<u>\$ 29</u>	<u>\$ 30</u>	<u>\$ 112</u>	<u>\$ 161</u>