

MICROVISION INC  
Form 10-Q  
May 09, 2011

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

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FORM 10-Q

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

For the quarterly period ended March 31, 2011

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 0-21221

[MicroVision, Inc.](#)

(Exact name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation or Organization)

**91-1600822**

(I.R.S. Employer Identification Number)

6222 185th Avenue NE  
Redmond, Washington 98052

(Address of Principal Executive Offices including Zip Code)

(425) 936-6847

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(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 for such shorter period that the registrant was required to file 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 (§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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(Do not check if a smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). YES  NO

As of May 3, 2011, 105,099,000 shares of the Company's common stock, \$0.001 par value, were outstanding.

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MicroVision, Inc.  
Consolidated Balance Sheets  
(In thousands, except per share data)  
(Unaudited)

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 14,469	\$ 19,413
Investment securities, available-for-sale	12	13
Accounts receivable, net of allowances of \$628 and \$588	880	1,116
Costs and estimated earnings in excess of billings on uncompleted contracts	123	137
Inventory	5,423	6,075
Current restricted investments	306	306
Other current assets	477	564
Total current assets	21,690	27,624
Property and equipment, net	3,843	4,169
Restricted investments	1,019	1,189
Intangible assets	2,186	2,233
Other assets	30	18
Total assets	\$ 28,768	\$ 35,233
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 6,808	\$ 7,665
Accrued liabilities	4,305	4,135
Billings in excess of costs and estimated earnings on uncompleted contracts	47	81
Current portion of capital lease obligations	37	40
Current portion of long-term debt	87	85
Total current liabilities	11,284	12,006
Capital lease obligations, net of current portion	105	114
Long-term debt, net of current portion	137	159
Deferred rent, net of current portion	600	697
Other long-term liabilities	330	424
Total liabilities	12,456	13,400
Commitments and contingencies		
Shareholders' Equity		
Preferred stock, par value \$.001; 25,000 shares authorized; 0 and 0 shares issued and outstanding	-	-
Common stock, par value \$.001; 200,000 shares authorized; 105,094 and 102,471 shares issued and outstanding	105	102
Additional paid-in capital	404,305	400,791
Accumulated other comprehensive loss	(31)	(30)
Accumulated deficit	(388,067)	(379,030)
Total shareholders' equity	16,312	21,833
Total liabilities and shareholders' equity	\$ 28,768	\$ 35,233

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



MicroVision, Inc.  
Consolidated Statements of Operations  
(In thousands, except per share data)  
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Product revenue	\$ 886	\$ 370
Contract revenue	233	298
	1,119	668
Cost of product revenue	2,240	1,159
Cost of contract revenue	299	128
	2,539	1,287
Gross margin	(1,420)	(619)
Research and development expense	4,327	4,998
Sales, marketing, general and administrative expense	3,299	3,888
Gain on disposal of fixed assets	(7)	-
	7,619	8,886
Loss from operations	(9,039)	(9,505)
Interest income	15	29
Interest expense	(13)	(17)
Gain on derivative instruments, net	-	395
Other expense	-	(19)
	\$ (9,037)	\$ (9,117)
Net loss per share - basic and diluted	\$ (0.09)	\$ (0.10)
Weighted-average shares outstanding - basic and diluted	102,697	88,693

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

MicroVision, Inc.  
Consolidated Statements of Comprehensive Income (Loss)  
(In thousands)  
(Unaudited)

Three Months Ended  
March 31,

	<u>2011</u>	<u>2010</u>
Net loss	\$ (9,037)	\$ (9,117)
Other comprehensive gain (loss):		
Unrealized gain (loss) on investment securities, available-for-sale	(1)	8
Comprehensive loss	<u>\$ (9,038)</u>	<u>\$ (9,109)</u>

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

MicroVision, Inc.  
Consolidated Statements of Cash Flows  
(In thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities		
Net loss	\$ (9,037)	\$ (9,117)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation	518	342
Amortization of intangible assets	47	1
Gain on disposal of property and equipment	(7)	-
Non-cash stock-based compensation expense	401	661
Gain on derivative instruments	-	(395)
Inventory write-downs	461	756
Non-cash deferred rent	(69)	(69)
Change in:		
Accounts receivable, net	236	358
Costs and estimated earnings in excess of billings on uncompleted contracts	14	40
Inventory	191	(3,437)
Other current assets	87	(41)
Other assets	(12)	(1)
Accounts payable	(985)	469
Accrued liabilities	142	867
Billings in excess of costs and estimated earnings on uncompleted contracts	(34)	(8)
Other long-term liabilities	(94)	-
	(8,141)	(9,574)
Net cash used in operating activities	(8,141)	(9,574)
Cash flows from investing activities		
Sales of investment securities	-	100
Decrease in restricted investment	170	-
Proceeds on sale of property and equipment	7	-
Purchases of property and equipment	(64)	(512)
	113	(412)
Net cash provided by (used in) investing activities	113	(412)
Cash flows from financing activities		
Principal payments under capital leases	(12)	(18)
Principal payments under long-term debt	(20)	(19)
Net proceeds from issuance of common stock and warrants	3,116	25
	3,084	(12)
Net cash provided by (used in) financing activities	3,084	(12)
Net decrease in cash and cash equivalents	(4,944)	(9,998)
Cash and cash equivalents at beginning of period	19,413	43,025
	14,469	33,027
Cash and cash equivalents at end of period	\$ 14,469	\$ 33,027