

Edgar Filing: EMAGIN CORP - Form 10-Q

EMAGIN CORP

Form 10-Q

May 15, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2008

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 001-15751

eMAGIN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

56-1764501

(I.R.S. Employer  
Identification No.)

10500 NE 8th Street, Suite 1400, Bellevue, Washington 98004

(Address of principal executive offices)

(425) 749-3600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.001 Par Value Per Share

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Edgar Filing: EMAGIN CORP - Form 10-Q

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

The number of shares of common stock outstanding as of April 30, 2008 was 14,389,439.

1

---

eMagin Corporation  
 Form 10-Q  
 For the Quarter ended March 31, 2008

Table of Contents

	Page
<b>PART I FINANCIAL INFORMATION</b>	
Item 1	Condensed Consolidated Financial Statements
	Condensed Consolidated Balance Sheets as of March 31, 2008 (unaudited) and December 31, 2007
	3
	Condensed Consolidated Statements of Operations for the Three months ended March 31, 2008 and 2007 (unaudited)
	4
	Condensed Consolidated Statements of Changes in Capital Deficit for the Three months ended March 31, 2008 (unaudited)
	5
	Condensed Consolidated Statements of Cash Flows for the Three months ended March 31, 2008 and 2007 (unaudited)
	6
	Notes to Condensed Consolidated Financial Statements (unaudited)
	7
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations
	15
Item 3	Quantitative and Qualitative Disclosures About Market Risk
	19
Item 4T	Controls and Procedures
	19
<b>PART II OTHER INFORMATION</b>	
Item 1	Legal Proceedings
	20
Item 1A	Risk Factors
	20
Item 2	Unregistered Sales of Equity Securities and Use of Proceeds
	20
Item 3	Defaults Upon Senior Securities
	21
Item 4	Submission of Matters to a Vote of Security Holders
	21
Item 5	
	21

Other  
Information

Item 6	Exhibits	22
--------	----------	----

SIGNATURES

CERTIFICATIONS

## ITEM 1. Condensed Consolidated Financial Statements

eMAGIN CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except share data)

	March 31, 2008 (unaudited)	December 31, 2007
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 344	\$ 713
Investments – held to maturity	94	94
Accounts receivable, net	2,101	2,383
Inventory	1,826	1,815
Prepaid expenses and other current assets	424	850
<b>Total current assets</b>	<b>4,789</b>	<b>5,855</b>
Equipment, furniture and leasehold improvements, net	456	292
Intangible assets, net	50	51
Other assets	232	232
Deferred financing costs, net	508	218
<b>Total assets</b>	<b>\$ 6,035</b>	<b>\$ 6,648</b>
<b>LIABILITIES AND CAPITAL DEFICIT</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,472	\$ 620
Accrued compensation	882	891
Other accrued expenses	746	729
Advance payments	5	35
Deferred revenue	100	179
Current portion of debt	7,568	7,089
Other current liabilities	776	1,020
<b>Total current liabilities</b>	<b>11,549</b>	<b>10,563</b>
Long-term debt	50	60
<b>Total liabilities</b>	<b>11,599</b>	<b>10,623</b>
<b>Commitments and contingencies</b>		
<b>Capital deficit:</b>		
Preferred stock, \$.001 par value: authorized 10,000,000 shares; no shares issued and outstanding	—	—
Series A Senior Secured Convertible Preferred stock, stated value \$1,000 per share, \$.001 par value: 3,198 shares designated and none issued	—	—
Common stock, \$.001 par value: authorized 200,000,000 shares, issued and outstanding, 12,620,900 shares as of March 31, 2008 and December 31, 2007	12	12
Additional paid-in capital	196,411	195,326

Edgar Filing: EMAGIN CORP - Form 10-Q

Accumulated deficit	(201,987)	(199,313)
Total capital deficit	( 5,564)	( 3,975)
Total liabilities and capital deficit	\$ 6,035	\$ 6,648

See notes to Condensed Consolidated Financial Statements.

eMAGIN CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except share and per share data)  
(unaudited)

	Three Months Ended March 31,	
	2008	2007
Revenue:		
Product revenue	\$ 2,462	\$ 3,523
Contract revenue	203	