

MICROVISION INC  
Form 10-K/A  
October 30, 2012

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

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FORM 10-K/A

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ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the fiscal year ended December 31, 2011

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 Ave NE  
Redmond, Washington 98052

(Address of Principal Executive Offices including Zip Code)

(425) 936-6847

(Registrant's Telephone Number, Including Area Code)

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Securities registered pursuant to Section 12(b) of the Exchange Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.001 par value	NASDAQ Global Market
Securities registered pursuant to Section 12(g) of the Exchange Act:	
<b>None</b>	

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Act. Yes

No  x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes

No  x

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

x No  o

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

x No  o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

x

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  x 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 Act). Yes

o No  x

The aggregate market value of the common stock held by non-affiliates of the registrant as of June 30, 2011 was approximately \$131.8 million (based on the closing price for the registrant's Common Stock on the NASDAQ Global Market of \$9.76 per share, as adjusted for the reverse stock split discussed herein).

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The number of shares of the registrant's common stock outstanding as of March 1, 2012 was 17,019,000.

### Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement to be filed with the Commission pursuant to Regulation 14A in connection with the registrant's 2012 Annual Meeting of Shareholders are incorporated herein by reference into Part III of this report.

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### Explanatory Note

MicroVision, Inc. is filing this Amendment No. 1 on Form 10-K/A (the "Form 10-K/A") to amend its annual report on Form 10-K for the fiscal year ended December 31, 2011 (the "2011 Form 10-K") as originally filed with the Securities and Exchange Commission (the "SEC") on March 9, 2012. The Report of Independent Registered Public Accounting Firm in the Consolidated Financial Statements (the "Report") attached to the 2011 Form 10-K did not include an opinion on the financial statement schedule (the "Schedule"), presented on page 53 in the 2011 Form 10-K. This amendment corrects that inadvertent omission and replaces that Report with the correct version of the Report (the "Revised Report") referring to the above mentioned Schedule. Although only the Revised Report changed, the entire item 8 is included in this Form 10-K/A with the original 2011 Form 10-K page numbers retained. This amendment does not contain any changes to data and footnotes in the Consolidated Financial Statements of MicroVision, Inc. and its consolidated subsidiaries.

Other than as expressly set forth above, this Form 10-K/A does not, and does not purport to, revise, update, amend or restate the information presented in any Item of the 2011 Form 10-K or reflect any events that have occurred after the filing of the 2011 Form 10-K.

## ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of MicroVision, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, shareholders' equity, comprehensive loss, and cash flows present fairly, in all material respects, the financial position of MicroVision, Inc. and its subsidiaries (the "Company") at December 31, 2011 and December 31, 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered recurring losses from operations and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP  
Seattle, Washington  
March 8, 2012

## MicroVision, Inc.

Consolidated Balance Sheets (in thousands, except per share information)

	December 31,	
	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 13,075	\$ 19,413
Investment securities, available-for-sale	8	13
Accounts receivable, net of allowances of \$243 and \$588	463	1,116
Costs and estimated earnings in excess of billings on uncompleted contracts	70	137
Inventory	4,254	6,075
Current restricted investments	-	306
Other current assets	785	564
Total current assets	18,655	27,624
Property and equipment, net	2,347	4,169
Restricted investments	786	1,189
Intangible assets	2,048	2,233
Other assets	34	18
Total assets	\$ 23,870	\$ 35,233
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 7,341	\$ 7,665
Accrued liabilities	5,113	4,135
Billings in excess of costs and estimated earnings on uncompleted contracts	156	81
Current portion of capital lease obligations	39	40
Current portion of long-term debt	93	85
Total current liabilities	12,742	12,006
Capital lease obligations, net of current portion	72	114
Long-term debt, net of current portion	67	159
Deferred rent, net of current portion	187	697
Other long-term liabilities	-	424
Total liabilities	13,068	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; 100,000 shares authorized; 17,019 and 12,809 shares issued and outstanding	17	13
Additional paid-in capital	425,658	400,880
Accumulated other comprehensive loss	(35)	(30)
Accumulated deficit	(414,838)	(379,030)
Total shareholders' equity	10,802	21,833
Total liabilities and shareholders' equity	\$ 23,870	\$ 35,233

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

## MicroVision, Inc.

Consolidated Statements of Operations (in thousands, except per share information)

	Years Ended December 31,		
	2011	2010	2009
Product revenue	\$ 4,338	\$ 3,850	\$ 1,016
Contract revenue	1,279	890	2,817
Total revenue	5,617	4,740	3,833
Cost of product revenue	11,640	15,779	2,363
Cost of contract revenue	1,425	443	1,531
Total cost of revenue	13,065	16,222	3,894
Gross margin	(7,448)	(11,482)	(61)
Research and development expense	15,279	21,600	24,577
Sales, marketing, general and administrative expense	13,314	15,252	14,540
Gain on disposal of fixed assets	(11)	-	-
Total operating expenses	28,582	36,852	39,117
Loss from operations	(36,030)	(48,334)	(39,178)
Interest income	47	112	212
Interest expense	(46)	(62)	(68)
Realized loss on sale of investment securities	-	(127)	-
Gain (loss) on derivative instruments, net	-	842	(506)
Other income	221	109	11
Net loss	\$ (35,808)	\$ (47,460)	\$ (39,529)
Net loss per share basic and diluted	\$ (2.57)	\$ (4.17)	\$ (4.29)
Weighted-average shares outstanding basic and diluted	13,919	11,379	9,220

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



MicroVision, Inc.

Consolidated Statements of Comprehensive Loss (in thousands)

	<b>Years Ended December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
Net loss	\$ (35,808)	\$ (47,460)	\$ (39,529)
Other comprehensive gain (loss)			
Unrealized gain (loss) on investment securities, available-for-sale:			
Unrealized holding gain (loss) arising during period	(5)	3	5
Comprehensive loss	\$ (35,813)	\$ (47,457)	\$ (39,524)

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

MicroVision, Inc.

Consolidated Statements of Shareholders' Equity (in thousands)

	Common Stock		Additional paid-in capital	Shareholders' Equity (Deficit)		Total Shareholders' equity
	Shares	Par value		Accumulated other comprehensive loss	Accumulated deficit	
<b>Balance at December 31, 2008</b>	8,510	\$ 9	\$ 319,721	\$ (38)	\$ (292,041)	\$ 27,651
Share-based compensation expense	3	-	3,335	-	-	3,335
Exercise of warrants and options	184	-	4,794	-	-	4,794
Sales of common stock and warrants	2,389	2	45,633	-	-	45,635
Other comprehensive income	-	-	-	5	-	5
Net loss	-	-	-	-	(39,529)	(39,529)
<b>Balance at December 31, 2009</b>	11,086	11	373,483	(33)	(331,570)	41,891
Share-based compensation expense	11	-	3,601	-	-	3,601
Exercise of warrants and options	30	-	478	-	-	478
Sales of common stock and warrants	1,578	2	21,618	-	-	21,620
Issuance of common stock for payment of intellectual property	104	-	1,700	-	-	1,700
Other comprehensive income	-	-	-	3	-	3
Net loss	-	-	-	-	(47,460)	(47,460)
<b>Balance at December 31, 2010</b>	12,809	13	400,880	(30)	(379,030)	21,833
Share-based compensation expense	218	-	3,356	-	-	3,356
Exercise of warrants and options	5	-	70	-	-	70
Sales of common stock and warrants	3,987	4	21,352	-	-	21,356
Other comprehensive loss	-	-	-	(5)	-	(5)
Net loss	-	-	-	-	-	-