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EMAGIN CORP  
Form 8-K  
March 25, 2005

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): March 21, 2005

eMagin Corporation  
(Exact name of registrant as specified in its charter)

|   |                          |                                      |
|---|--------------------------|--------------------------------------|
| Delaware  | 000-24757                | 56-1764501                           |
| -----   | -----                    | -----                                |
| (State or other jurisdiction<br>of incorporation) | (Commission File Number) | (IRS Employer<br>Identification No.) |

2070 Route 52, Hopewell Junction, New York 12533  
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code (845)-838-7900

Copies to:  
Richard A. Friedman, Esq.  
Eric A. Pinero, Esq.  
Sichenzia Ross Friedman Ference LLP  
1065 Avenue of the Americas  
New York, New York 10018  
Phone: (212) 930-9700  
Fax: (212) 930-9725

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 (see General Instruction A.2. below):

- 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 4.02 Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review

During the fiscal quarter ended September 30, 2004, the Company recorded an interest expense in the amount of (\$594,568) in connection with the re-pricing of certain warrants that were originally issued in an equity transaction that the Company had completed in January 2004, which charge was described in footnote 9 to the Company's un-audited financial statements for the period ended September 30, 2004. This charge directly resulted in the Company reporting non

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cash interest expense and other expenses of (\$568,561), as well as a net loss of (\$2,349,467) for the three months ended September 30, 2004. In addition, the Company reported net interest expense and other net expense of (\$3,963,658), as well as a net loss of (\$8,681,161) for the nine months ended September 30, 2004. This charge also resulted in the Company reporting a basic and diluted loss per common share of \$(0.04) and (\$0.14) for the three and nine months ended September 30, 2004, respectively.

In connection with the preparation of the Company's annual report on Form 10-KSB for the year ended December 31, 2004, on March 21, 2005 the Company was advised by its independent registered public accounting firm that the re-pricing of the original warrants should be classified as an equity transaction and therefore no expense should be recorded in connection with the re-pricing of these warrants. As a result the Company is not required to record \$594,568 of non-cash interest expense previously recorded. Accordingly, the financial statements for the three and nine months ended September 30, 2004 should no longer be relied upon.

As a result, for the three months ended September 30, 2004, the Company's net interest expense and other net expenses should have each been reported as net interest income (expenses) \$26,007 and its net loss should have been (\$1,754,899). Further, for the nine months ended September 30, 2004, the Company's interest expense and other expenses should have each been reported as (\$3,369,090) and its net loss should have been (\$8,086,593). In addition, for the three and nine months ended September 30, 2004, the Company's basic and diluted loss per common share should have been reported as (\$0.03) and (\$0.13), respectively.

The Company is currently reviewing all non-cash equity related transactions for 2004 and 2003.

|   | Three months ended<br>September 30, 2004 |                        | Nine months<br>September 30, 2004 |
|---|--|------------------------|-----------------------------------|
| Unaudited Statement of Operations       | Restated                                 | Previously<br>Reported | Restated                          |
| Other Income (expense)                  | \$ 26,007                                | (\$ 568,561)           | (\$ 3,369,090)                    |
| Net loss                                | (\$1,754,899)                            | (\$ 2,349,467)         | (\$ 8,086,593)                    |
| Basic and diluted loss per common share | (\$0.03)                                 | (\$0.04)               | (\$0.13)                          |

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The new financial statements which should be relied upon will be contained in a Form 10-QSB/A for the quarter ended September 30, 2004, to be filed concurrently with the filing of this Current Report on Form 8-K.

In addition to the foregoing, on March 14, 2005 the Company provided preliminary un-audited results for the quarter and year ended December 31, 2004, as follows: A net loss of (\$3,991,986) and (\$12,673,143), respectively, and a loss per share of (\$0.05) and (\$0.20) per share. Such amounts included non-cash interest expense of approximately \$1.0 million related to the re-pricing of certain other warrants that were originally issued in an equity transaction that the Company had completed in January 2004 as well as the (\$594,568) from above in the year ended figure. For the same reasons stated above, no such charge is

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required to be recorded. Accordingly, the Company's preliminary un-audited results are being revised to remove such charges. These changes revise the company's preliminary fourth quarter and fiscal year 2004 net losses to (\$2,951,173) and (\$11,037,766), respectively, a reduction of \$1,040,813 and \$1,635,381 for each period and a loss per share of (\$0.04) and (\$0.17).

|   | Three months ended<br>December 31, 2004: | Previously<br>Reported | Twelve mon<br>December |
|---|--|------------------------|------------------------|
| Unaudited Statement of Operations       | Restated                                 |                        | Restated               |
| Net loss                                | (\$ 2,951,173)                           | (\$ 3,991,986)         | (\$11,037,766)         |
| Basic and diluted loss per common share | (\$ 0.04)                                | (\$0.05)               | (\$0.17)               |

### Complete Description

The foregoing description of the new financial statements is not a complete summary. You are urged to read the complete document on Form 10-QSB/A for the quarter ended September 30, 2004, copies of which may be found on the website of the U.S. Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov), filed concurrently with the filing of this Current Report on Form 8-K.

On March 25, 2005, we issued a press release announcing the new financial statements. A copy of this press release has been filed with this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

### Item 9.01 Financial Statements and Exhibits.

(a) Financial statements of business acquired.

Not applicable.

(b) Pro forma financial information.

Not applicable.

(c) Exhibits.

| Exhibit Number | Description |
|----------------|-------------|
|----------------|-------------|

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

eMagin Corporation

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Date: March 25, 2005

/s/ Gary W. Jones  
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Gary W. Jones  
President and Chief Executive Officer