

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of April 28, 2005 the Registrant had 82,172,176 shares of Common Stock outstanding.

EXPLANATORY NOTE: This Amended Quarterly Report on Form 10-Q/A is being filed for the purpose of amending the form on which the Company previously filed its Amended Quarterly Report on Form 10-Q/A filed by the Company on July 13, 2005. This amended Quarterly Report is being filed for the sole purpose of modifying Exhibits 31.1 and 31.2 *Certification Pursuant to Sarbanes-Oxley Section 302* to complete the statement under 5(a) by including the term: *material weaknesses*. In all other material respects this Amended Quarterly Report on Form 10-Q/A is unchanged from the Amended Quarterly Report on Form 10-Q/A filed by the Company on July 13, 2005.

EMAGIN CORPORATION
FORM 10-Q/A FOR THE THREE MONTHS
ENDED MARCH 31, 2005

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31.2	<u>Certification by Chief Financial Officer pursuant to Sarbanes Oxley Section 302</u> .
32.1	<u>Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350</u> .
32.2	<u>Certification by Chief Financial Officer pursuant to 18 U.S. C. Section 1350</u> .

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements.

eMAGIN CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS	March 31, 2005 (Unaudited)	December 31, 2004
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,769	\$ 13,457
Accounts receivables, net	507	536
Inventory	2,926	2,018
Prepaid expenses and other current assets	500	880
Total current assets	14,702	16,891
EQUIPMENT AND LEASEHOLD IMPROVEMENTS:		
Less: Accumulated depreciation	(2,956)	(2,767)
Total equipment and leasehold improvements, net	1,348	1,305
Intangible assets		
Less: Accumulated amortization	(3)	(2)
Total intangible assets, net	61	54
Other long-term assets	151	186
Total assets	\$ 16,262	\$ 18,436
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 824	\$ 822
Accrued payroll and benefits	577	674
Other accrued expenses	529	357
Advanced payments	18	64
Current portion of capitalized lease obligation	15	14
Other current liabilities	45	35
Total current liabilities	2,008	1,966
Capitalized lease obligations - long term	18	22
Total liabilities	2,026	1,988
SHAREHOLDERS' EQUITY:		
Common stock, par value \$0.001 per share		
Shares authorized - 100,000,000		
Shares issued and outstanding - 82,072,176 and 79,638,817	82	80
Additional paid-in capital	166,654	165,399
Accumulated deficit	(152,500)	(149,031)
Total shareholders' equity	14,236	16,448
Total liabilities and shareholders' equity	\$ 16,262	\$ 18,436

See notes to financial statements.

eMAGIN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except per share amounts)

(Unaudited)

	Three Months Ended		Three Months Ended
	March 31,		March 31,
	2005		2004
REVENUE:			
Product revenue, net of returns	\$ 690	\$	540
COST OF GOODS SOLD:			
Direct cost of goods sold	177		209
Production expenses	1,780		1,154
Total cost of goods sold	1,957		1,363
Gross Loss	(1,267)		(823)
OPERATING EXPENSES:			
Research and development	866		8
Stock based compensation	-		84
Selling, general and administrative	1,335		615
Total costs and expenses, net	2,221		707
Interest income (expense), net	19		(5,076)
Net loss	\$ (3,469)	\$	(6,606)
Basic and diluted net loss per common share	\$ (0.04)	\$	(0.13)
Weighted average common shares outstanding	81,432		51,940

See notes to financial statements.

eMAGIN CORPORATION

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

(Unaudited)

	Common Stock		Additional paid-in Capital	Accumulated Deficit	Total
	Shares	\$			
Balance, December 31, 2004	79,639	\$ 80	165,399 \$	(149,031) \$	16,448
Stock options exercised	8		6		6
Stock warrants exercised	2,413	2	1,237		1,239
Issuance of common stock for services	12		12		12
Net loss for period				(3,469)	(3,469)
Balance, March 31, 2005	82,072	\$ 82	166,654 \$	152,500 \$	14,236

See notes to financial statements.

eMAGIN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

(Unaudited)

	Three Months Ended March 31, 2005	Three Months Ended March 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,469)	\$ (6,606)
Adjustments to reconcile net loss to net cash used in operating activities-		
Depreciation and amortization	188	159
Bad debt expense	19	34
Amortization of financing fees	-	8
Non-cash charge for stock based compensation	-	84
Non-cash interest related charges	-	126
Non-cash charge for services received	12	8
Non-cash financing expense	-	4,955
Changes in operating assets and liabilities:		
Trade receivables	10	151
Inventory	(908)	(38)
Prepaid expenses and other current assets	271	(658)
Other long-term assets	35	-
Advanced payment on contracts to be completed	(47)	2
Accounts payable, accrued expenses and accrued payroll	180	(425)
Other current liabilities	10	(4)
Net cash used in operating activities	(3,699)	(2,204)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases/Sales of equipment, net	(232)	(109)
Net cash used in investing activities	(232)	(109)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock, net of issuance costs	-	3,916
Proceeds from exercise of stock options and warrants	1,246	2,073
Payments of long term debt and capital leases	(3)	(15)
Net cash provided by financing activities	1,243	5,974
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,688)	3,661
CASH AND CASH EQUIVALENTS, beginning of period	13,457	1,054
CASH AND CASH EQUIVALENTS, end of period	\$ 10,769	\$ 4,715

Supplemental Cash Flow Disclosure:

Conversion of debt to equity	\$	-	\$	8,567
Payments of A/P through issuance of stock	\$	-	\$	35
Stock issued for prepaid services	\$	-	\$	17
Cash payments of interest	\$	1	\$	3

See notes to financial statements.

eMAGIN CORPORATION

Selected Notes to Condensed Financial Statements

Note 1 - ACCOUNTING POLICIES

Basis of Presentation

In the opinion of management, the accompanying unaudited interim financial information reflects all adjustments, consisting of normal recurring accruals, necessary for a fair presentation. Certain information and footnote disclosure normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States have been condensed or omitted pursuant to instructions, rules and regulations prescribed by the Securities and Exchange Commission. The Company believes that the disclosures provided herein are adequate to make the information presented not misleading when these unaudited interim condensed consolidated financial statements are read in conjunction with the audited consolidated financial statements contained in the company's Annual Report on Form 10-KSB/A for the year ended December 31, 2004. The results of operations for the period ended March 31, 2005 are not necessarily indicative of the results to be expected for the full year.

Stock-Based Compensation

The Company has elected to follow Accounting Principles Board Opinion No. 25 ("APB No. 25"), "Accounting for Stock Issued to Employees," and related interpretations in accounting for its employee stock options. Under APB No. 25, when the exercise price of employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded. The Company discloses information relating to the fair value of stock-based compensation awards in accordance with Statement of Financial Accounting Standards No.123 ("SFAS No. 123"), "Accounting for Stock-Based Compensation." The following table illustrates the effect on net loss and loss per share as if the Company had applied the fair value recognition provision of SFAS No. 123. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for grants in the first quarter of 2005 and 2004, respectively: (1) average expected volatility of 64% and 63%, (2) average risk-free interest rates of 4.33% and 3.31%, and (3) expected lives of seven years.

The pro forma amounts that are disclosed in accordance with SFAS No. 123 reflect the portion of the estimated fair value of awards that were earned for the three months ended March 31, 2005 and 2004.

For the three months ended March 31,	2005	2004
Net loss applicable to common stockholders', as reported	\$ (3,469)	\$ (6,606)
Add: Stock based employee compensation expense included in reported net loss	-	84
Deduct: Stock-based employee compensation expense determined under fair value method	(1,481)	(1,288)
Pro forma net loss	\$ (4,950)	\$ (7,810)
Net loss per share applicable to common stockholders':		
Basic and diluted, as reported	\$ (0.04)	\$ (0.13)
Basic and diluted, pro forma	\$ (0.06)	\$ (0.15)

In March of 2005 the Company granted 1,100,000 stock options to certain officers and employees of the Company. The exercise price of these options was equal to the market price of the stock on the date of grant. The options vest over five years unless there is a change in control or a dismissal without cause in which case the options would vest immediately.

Note 2 - NATURE OF BUSINESS

eMagin Corporation is a developer and manufacturer of optical systems and microdisplays for use in the electronics industry. eMagin also develops and markets microdisplay systems and optics technology for commercial, industrial and military applications.

Note 3 - REVENUE AND COST RECOGNITION

Revenue is recognized when products are shipped to customers, net of allowances for anticipated returns. The Company's revenue-earning activities generally involve delivering products and revenues are considered to be earned when the Company has completed the process by which it is entitled to such revenues. Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred, selling price is fixed or determinable and collection is reasonably assured.

The Company also earns revenues from certain of eMagin's R&D activities under both firm fixed-price contracts and cost-type contracts, including some cost-plus-fee contracts. Revenues relating to firm fixed-price contracts are generally recognized on the percentage-of-completion method of accounting as costs are incurred (cost-to-cost basis). Revenues on cost-plus-fee contracts include costs incurred plus a portion of estimated fees or profits based on the relationship of costs incurred to total estimated costs. Contract costs include all direct material and labor costs and an allocation of allowable indirect costs as defined by each contract, as periodically adjusted to reflect revised agreed upon rates. These rates are subject to audit by the other party. Amounts can be billed on a bi-monthly basis.

Note 4 - RECEIVABLES

The majority of our commercial accounts receivable are due from Original Equipment Manufacturers ("OEM"s). Credit is extended based on an evaluation of a customers' financial condition and, generally, collateral is not required. Accounts receivable are payable in U.S. dollars, are due within 30-90 days and are stated at amounts due from customers net of an allowance for doubtful accounts. Any account outstanding longer than the contractual payment terms is considered past due. The Company determines the allowance by considering a number of factors, including the length of time trade accounts receivable are past due, eMagin's previous loss history, the customer's current ability to pay its obligation, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectable, and payments subsequently received on such receivables are reported as income in the year the payment is received.

Receivables consisted of the following:

	March 31, 2005	December 31, 2004
Trade receivables	\$ 1,297	\$ 1,282
Contract receivables	-	25
Total	1,297	1,307
Less allowance for doubtful accounts	(790)	(771)
Net receivables	\$ 507	\$ 536

Note 5 - RESEARCH AND DEVELOPMENT COSTS