U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended June 30, 1997

[ ] 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 Small Business Issuer as Specified in Its Charter)

Washington	91-1600822
(State or Other Jurisdiction of Incorporation or organization)	(I.R.S. Employer Identification No.)

2203 Airport Way South, Suite 100, Seattle, Washington 98134
(Address of Principal Executive Offices)

Registrant's telephone number, including area code: (206) 623-7055

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 _____

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of June 30, 1997, 5,782,213 shares of the Company's common stock, no par value, were outstanding.

Transitional Small Business Disclosure Format (check one): Yes _____ No __X__

PART I
FINANCIAL INFORMATION

<TABLE>
<CAPTION>

MICROVISION, INC.
(A Development Stage Company)
BALANCE SHEETS

	June 30, 1997	December 31, 1996
<S>	<C>	<C>
ASSETS		
Current Assets		
Cash and cash equivalents	$11,463,400	$14,265,800
Accounts receivable	74,300	25,000
Other current assets	135,200	86,500
Total current assets	11,672,900	14,377,300
Equipment, net	346,300	157,800
Other assets	12,200	30,200
Total assets	$12,031,400	$14,565,300

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$400,600	$388,600
Accrued liabilities	379,600	667,600
Total liabilities	780,200	1,056,200
Shareholders' Equity		
Common stock	24,154,300	24,116,200
Deferred compensation	(5,500)	(43,600)
Accumulated deficit	(12,897,600)	(10,563,500)
Total shareholders' equity	11,251,200	13,509,100
Total liabilities and shareholders' equity	$12,031,400	$14,565,300

See accompanying notes to financial statements.
</TABLE>

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MICROVISION, INC.
(A Development Stage Company)
STATEMENT OF OPERATIONS

<S>	Three months ended June 30, 1997 <C>	Three months ended June 30, 1996 <C>	Six months ended June 30, 1997 <C>	Six months ended June 30, 1996 <C>	May 1993 (inception) through June 30, 1997 <C>
Contract revenue	$ 102,200	$ 0	$ 102,200	$ 27,200	$ 233,700
Research and development expense	933,700	342,100	1,583,400	692,100	8,254,300
Marketing, general and administrative expense	726,900	371,800	1,407,200	670,000	5,557,300
Total expenses	1,660,600	713,900	2,990,600	1,362,100	13,811,600
Loss from operations	(1,558,400)	(713,900)	(2,888,400)	(1,334,900)	(13,577,900)
Other income	222,500	0	222,500	0	222,500
Interest income	161,100	1,700	333,100	5,000	695,400
Interest expense	(600)	(2,400)	(1,300)	(2,400)	(237,600)
Net loss	$(1,175,400)	$ (714,600)	$(2,334,100)	$(1,332,300)	$(12,897,600)
Net loss per share	$ (0.20)		$ (0.40)		
Weighted average shares outstanding	5,782,200		5,780,600		
Pro forma net loss per share		$ (0.15)		$ (0.28)	
Pro forma weighted average shares and share equivalents outstanding		4,766,700		4,766,700	

See accompanying notes to financial statements
</TABLE>

<TABLE>
<CAPTION>

MICROVISION, INC.
(A Development Stage Company)
STATEMENT OF CASH FLOWS

<S>	Six months ended June 30, 1997 <C>	1996 <C>	May 1993 (inception) through June 30, 1997 <C>
Cash flows from operating activities			
Net loss	$(2,334,100)	$(1,332,300)	$(12,897,600)
Adjustments to reconcile net loss to net cash used in operations:			
Depreciation and write-off of fixed assets	45,900	5,200	125,600
Non-cash expenses related to issuance of stock, warrants and options and amortization of deferred compensation	49,900	95,900	1,678,800
Changes in:			
Accounts receivable	(49,300)	0	(74,300)
Other current assets	(48,700)	(56,100)	(135,200)
Other assets	18,000	(50,400)	(12,200)
Accounts payable	12,000	185,600	400,600
Accrued liabilities	(288,000)	26,200	379,600
Net cash used in operating activities	(2,594,300)	(1,125,900)	(10,534,700)
Cash flows from investing activities			
Purchase of fixed assets	(234,400)	(34,100)	(471,900)
Net cash used in investing activities	(234,400)	(34,100)	(471,900)
Cash flows from financing activities			
Proceeds from 7% convertible subordinated notes			750,000
Repayment of 7% convertible subordinated notes			(750,000)
Net proceeds from issuance of preferred stock		1,493,900	3,532,800
Net proceeds from issuance of common stock	26,300	30,000	18,937,200
Net cash provided by financing activities	26,300	1,523,900	22,470,000
Net increase (decrease) in cash and cash equivalents	(2,802,400)	363,900	11,463,400
Cash and cash equivalents at beginning of period	14,265,800	98,500	0
Cash and cash equivalents at end of period	$11,463,400	$ 462,400	$ 11,463,400

See accompanying notes to financial statements
</TABLE>

MICROVISION, INC.
(A Development Stage Company)
Notes to Financial Statements
June 30, 1997

Management's Statement

The accompanying unaudited financial statements of Microvision, Inc. (the "Company") at June 30, 1997 and 1996 and for the periods then ended, including the period from inception to date, have been prepared in accordance with generally accepted accounting principles for interim financial information on a basis consistent with the audited financial statements for the twelve month period ended December 31, 1996. These statements include all adjustments (consisting only of normal recurring accruals) that, in the opinion of the Company's management, are necessary for a fair presentation of the results for the interim and inception to date periods presented. The interim results are not necessarily indicative of results that may be expected for a full year and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 1996, which are included in the Company's Annual Report on Form 10-KSB as filed with the Securities and Exchange Commission.

Computation of Earnings (Loss) per Share

Net loss per share information is computed using the weighted average number of shares of common stock outstanding during each period in which the Company reports a loss. Common equivalent shares issuable upon the exercise of outstanding options and warrants to purchase shares of the Company's common stock (using the treasury stock method) are not included in the calculation of the net loss per share because the effect of their inclusion is anti-dilutive. In accordance with Securities and Exchange Commission Staff Accounting Bulletins

(SABs), common equivalent shares issued by the Company at prices below the public offering price of $8.00 per unit during the period beginning one year prior to the initial filing of the registration statement for the Company's initial public offering have been included in the calculation as if they were outstanding for all periods (using the treasury stock method and the initial public offering price of $5.25 per share).

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128 "Earnings per Share" (SFAS128). The Company will adopt SFAS 128 for the year ending December 31, 1997. The Company does not expect that adoption of this standard will have an effect on its financial statements due to its net loss.

Item 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Preliminary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may include, but are not limited to, projections of revenues, income, or loss, capital expenditures, plans for product development and cooperative arrangements, future operations, financing needs or plans of the Company, as well as assumptions relating to the foregoing. The words "believe," "expect," "anticipate," "estimate," "project," and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Such statements are inherently subject to risks and uncertainties as further described herein and in the "Considerations Related to the Company's Business" section of the Company's Annual Report on Form 10-KSB for the year ended December 31, 1996, as filed with the Securities and Exchange Commission. The Company's actual results may differ materially from the results projected in the forward-looking statements.

Overview

The Company commenced operations in May 1993 to develop and commercialize technology for displaying images and information onto the retina of the viewer's eye. In 1993, the Company acquired the exclusive license to the Virtual Retinal Display(TM) technology ("VRD"(TM)) from the University of Washington and entered into a research agreement with the University of Washington to further develop the VRD technology. Since its formation, the Company has been in the development stage, with its principal activities consisting of assembling a qualified technical, business development and executive management team, continuing development of the VRD technology and prototype products, raising capital and marketing of the VRD technology. The Company has not generated significant revenues and has incurred substantial losses since its inception. The Company expects to continue to incur significant operating losses for the next several years.

The Company's objective is to be a leading provider of personal display products and imaging technology in a broad range of professional and consumer applications. The Company expects to achieve this objective and to generate revenues through a combination of the following activities: technology licensing to original equipment manufacturers ("OEMs") of consumer electronics products; provision of engineering services associated with cooperative product development arrangements and research contracts; and the manufacture and sale of high-performance personal display products to professional users, directly, through OEMs or through joint ventures.

The Company is in discussions with systems and equipment manufacturers in the defense and wireless communications, computing, and commercial and consumer electronics industries. The Company expects to work with certain of these manufacturers to develop or co-develop specific products that the Company believes to be the most commercially viable.

The Company does not expect to have substantial revenues until late 1997 at the earliest. Revenues in late 1997, if any, are expected to be derived from cooperative development projects and government research contracts. Revenues from sales of products may not occur until substantially later, if at all.

The Company currently has two prototype versions of the VRD. The Company expects to continue funding prototype and demonstration versions of products incorporating the VRD technology throughout 1997. Future revenues, profits and cash flow, and the Company's ability to achieve its strategic objectives described herein, will depend upon a number of factors, including acceptance of the VRD technology by various industries and OEMs, market acceptance of products incorporating the VRD technology and the technical performance of such products. Additionally, the Company must be able to attract, retain and motivate qualified technical and management personnel and both anticipate and adapt to a rapidly changing, competitive market for information display technologies.

Plan of Operation

The Company intends to invest over the next year in ongoing innovation and improvements to the VRD technology, including the development of component technology and additional prototypes as well as the design of subsystems and products. The Company has established, staffed and equipped an in-house laboratory to support VRD technology development and product development engineering associated with future cooperative development projects, which the Company expects to receive. The Company is adding to its technical and business staff in support of its technology development and marketing objectives and, in particular, is adding to its engineering staff. The operating plan also provides for the development of strategic relationships with systems and equipment manufacturers and completion of the research agreement with the University of Washington.

Results of Operations

The Company is in the development stage and has not generated significant revenues. As of June 30, 1997, the Company had an accumulated deficit since inception of $12.9 million. The Company expects continuing and increasing expenditures in research and development as it focuses its efforts on further development and refinement of the VRD technology and pursues commercialization of the VRD technology.

THREE MONTHS ENDED JUNE 30, 1997 COMPARED TO THREE MONTHS ENDED JUNE 30, 1996

Revenue in the three months ended June 30, 1997 was $102,200. The Company had no contract revenue in the comparable period of 1996. The revenue for the period ended June 30, 1997 was derived from contracts into which the Company entered during the period, as described below. Contract revenue has been recognized using the percentage of completion method.

Research and Development expenses for the three months ended June 30, 1997 increased $591,600 or 173% to $933,700 from $342,100 for the comparable period in 1996. In each period, the Company made a payment of $320,800 to the University of Washington pursuant to the Company's Research Agreement. The balance of the expenses of $612,900 and $21,300 in the periods ended June 30, 1997 and June 30, 1996 respectively, were incurred directly by the Company in part to further develop the VRD technology.

The increase in research and development expenses of $591,600 for the quarter ended June 30, 1997 over the comparable period in the prior year reflects implementation of the Company's operating plan, which calls for building its technical staff; supporting activities to further develop the Company's technology; establishing and equipping its own laboratory; and performing work in support of the Company's sales and marketing activities related to the commercialization of the VRD technology. The increase also includes costs incurred in the performance of contracts.

The Company expects its research and development expenses to increase in the future over prior periods. In addition to costs associated with performing on contracts, the Company plans to continue to build its technical staff and related research capabilities in support of current and future contracts; expanded internal research and development activities; increasing requirements to support sales and marketing efforts; and preparation for performing on additional contracts relating to commercialization of the VRD technology into which the Company expects to enter.

Marketing, general and administrative expenses increased $355,100 or 96% to $726,900 in the three months ended June 30, 1997 from $371,800 for the comparable period in 1996. The increase includes increased aggregate compensation and associated support costs for employees including those employed at June 30, 1996 and those hired subsequent to that date both in sales and marketing and in administration. The Company expects marketing, general and administrative expenses to increase in future periods as the Company makes additional investments in sales and marketing activities to promote its VRD technology and anticipated products and as it adds to its sales and marketing and administrative staff and increases the level of corporate and administrative activity.

Other income for the period ended June 30, 1997 was $222,500, which resulted from the reduction of an accrued liability for litigation upon settlement of the matter at a lesser amount than the established reserve.

Net interest income in the three months ended June 30, 1997 was $160,500 as compared to net interest expense of $700 in the comparable period of 1996. This increase

was due to higher cash balances in the three months ended June 30, 1997, representing the remaining net proceeds received by the Company from its initial public offering in August 1996.

During the three months ended June 30, 1997, the Company announced that it had entered into several contracts in both defense and commercial segments for further development of the VRD technology directed toward meeting specific customer applications. The defense segment included two Small Business Innovation Research (SBIR) contracts with the United States Air Force. One SBIR is to initiate the development of a full-color, high definition, head mounted display for pilot training applications. The second SBIR is to explore the development of very wide field of view, immersive display systems for command, control, communications, and computer information systems.

In the commercial segment, the Company has entered into an agreement with Saab AB, in collaboration with Ericsson Saab Avionics AB. The Future Products &

Technology Division of Saab and the Ericsson Saab Avionics company and Microvision will explore the possibilities of advanced visual display systems incorporating Microvision's VRD technology. The Company also has been contracted by The Boeing Company to build a technology demonstration system incorporating Microvision's VRD technology.

Subsequent to June 30, 1997, the Company entered into a third commercial development contract to incorporate its VRD technology into advanced helmet-mounted display systems for fixed wing military aircraft. The name of the contracting company has not been disclosed.

SIX MONTHS ENDED JUNE 30, 1997 COMPARED
TO SIX MONTHS ENDED JUNE 30, 1996

Revenue increased by $75,000 or 276% to $102,200 in the six months ended June 30, 1997 from $27,200 in the comparable period in 1996. The increase resulted from the Company recognizing revenue from various contracts entered into in the six month period ended June 30, 1997, which exceeded the recognition of revenue from the one contract in process in the comparable period of the prior year. Contract revenue has been recognized using the percentage of completion method. See THREE MONTHS ENDED JUNE 30, 1997 COMPARED TO THREE MONTHS ENDED JUNE 30, 1996, for a description of the various contracts entered into during the period.

Research and Development expenses for the six months ended June 30, 1997 increased $891,300 or 129% to $1,583,400 from $692,100 for the comparable period in 1996. In each period, the Company made payments totaling $641,600 to the University of Washington pursuant to the Company's Research Agreement. The balance of the expenses of $941,800 and $50,500 in the periods ended June 30, 1997 and June 30, 1996 respectively, were incurred directly by the Company in part to further develop the VRD technology.

The increase in research and development expenses of $891,300 for the quarter ended June 30, 1997 over the comparable period in the prior year reflects implementation of the Company's operating plan, which calls for building its technical staff supporting activities to further develop the Company's technology; establishing and equipping its own laboratory; and performing work in support of the Company's sales and marketing activities related to the commercialization of the VRD technology. The increase also includes costs incurred in the performance of contracts.

Marketing, general and administrative expenses increased $737,200 or 110% to $1,407,200 in the six months ended June 30, 1997 from $670,000 for the comparable period in 1996. The increase includes increased aggregate compensation and associated support costs for employees, including those employed at June 30, 1996 and those hired subsequent to that date, both in sales and marketing and in administration. The Company expects marketing, general and administrative expenses to increase in future periods as the Company makes additional investments in sales and marketing activities to promote its VRD technology and anticipated products and as it adds to its sales and marketing and administrative staff and increases from the level of corporate and administrative activity.

Other income for the period ended June 30, 1997 was $222,500, which resulted from the reduction of an accrued liability for litigation upon settlement of the matter at a lesser amount than the established reserve.

Net interest income in the six months ended June 30, 1997 was $331,800 as compared to net interest income of $2,600 in the comparable period of 1996. This increase was due to higher cash balances in the six months ended June 30, 1997, representing the remaining net proceeds received by the Company from its initial public offering in August 1996.

LIQUIDITY AND CAPITAL RESOURCES

From inception through July 1996, the Company financed its operations primarily through private equity sales and a private placement of convertible subordinated notes. In August 1996, the Company completed its initial public offering of 2,250,000 units, each unit consisting of one share of common stock and one five-year redeemable warrant to purchase one share of common stock at $12.00 per share. The Company received net proceeds from the offering of approximately $15.5 million after deducting underwriting discounts and offering expenses.

The Company's cash and cash equivalents balance at June 30, 1997 was $11.5 million. The Company believes that this balance will satisfy its budgeted cash requirements for at least the next twelve months based on the Company's current operating plan. Actual expenses, however, may exceed the amounts budgeted, and will depend, in part, on the opportunities that arise for commercialization of the VRD technology. Budgeted cash requirements include provision for the last $320,800 payment remaining after June 30, 1997 under the research contract with the University of Washington. The Company may require additional capital earlier to develop products, to respond to competitive pressures, or to meet unanticipated development difficulties.

There can be no assurance that the Company would be successful in attempts to raise additional capital.

The Company's future expenditures and capital requirements will depend on numerous factors, including the progress of its research and development program, the progress in commercialization activities, the cost of filing, prosecuting, defending and enforcing any patent claims and other intellectual property rights, competing technological and market developments and the ability of the Company to establish cooperative development, joint venture and licensing arrangements. If the Company is successful in establishing co-development and joint venture arrangements, it is expected that the Company's partners would fund certain non-recurring engineering costs for product development. Nevertheless, the Company expects its cash requirements to increase significantly each year as it expands its activities and operations.

Pending use of its cash and cash equivalents, the Company invests in short-term, interest bearing investment grade securities.

Part II
OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities

None

Item 3. Defaults upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

11. Computation of Net Loss Per Share and Pro Forma Net Loss Per Share

27. Financial Data Schedule

b. Reports on Form 8-K

During the quarterly period ended June 30, 1997, the Company filed no Current Reports on Form 8-K with the Commission.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MICROVISION, INC.

Date: August 13, 1997

RICHARD F. RUTKOWSKI

Richard F. Rutkowski
President, Chief Executive Officer
(Principal Executive Officer)

Date: August 13, 1997

RICHARD A. RAISIG

Richard A. Raisig
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
11	Computation of Net Loss Per Share and Pro Forma Net Loss Per Share
27	Financial Data Schedule

Exhibit 11

<TABLE>
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MICROVISION, INC.

COMPUTATION OF NET LOSS AND PRO FORMA NET LOSS PER SHARE

<S>	Three months ended June 30, 1997 <C>	June 30, 1996 <C>	Six months ended June 30, 1997 <C>	June 30, 1996 <C>
Net loss	($1,175,400)	($714,600)	($2,334,100)	($1,332,300)
Shares used in computing net loss and pro forma net loss per share:				
Weighted average shares outstanding	5,782,200	3,461,100	5,780,600	3,461,100
Common stock equivalent shares outstanding during the period		403,600		403,600
Pro form effect of conversion of:				
Series A Preferred Stock		859,800		859,800
7% Convertible Subordinated Notes due 1997		42,200		42,200
	5,782,200	4,766,700	5,780,600	4,766,700
Net loss per share	($0.20)		($0.40)	
Pro forma net loss per share		($0.15)		($0.28)

</TABLE>

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