
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-QSB

- QUARTERLY REPORT PURSUANT SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2005

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File No. 0-23590

SUPER VISION INTERNATIONAL, INC.

(Exact Name of Small Business Issuer as Specified in Its Charter)

DELAWARE
(State or other Jurisdiction of
Incorporation or Organization)

59-3046866
(I.R.S. Employer
Identification No.)

8210 PRESIDENTS DR., ORLANDO, FLORIDA 32809
(Address of Principal Executive Offices) (Zip Code)

(407) 857-9900
(Issuer's Telephone Number, Including Area Code)

Securities registered under Section 12 (b) of the Exchange Act: None.

Securities registered under Section 12(g) of the Exchange Act:

CLASS A COMMON STOCK, \$.001 PAR VALUE
(Title of Class)

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date.

Class	Outstanding at August 3, 2005:
Class A Common Stock, \$.001 par value	2,058,814 shares
Class B Common Stock, \$.001 par value	483,264 shares

Transitional Small Business Disclosure Format
Yes No

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Super Vision International, Inc. Condensed Balance Sheets

	(Unaudited) June 30, 2005	December 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,283,547	\$ 1,017,285
Investments	921,968	908,757
Trade accounts receivable, less allowance for doubtful accounts of \$220,642 and \$134,593	1,667,153	1,908,383
Inventories, less reserve of \$256,008 and \$187,068	2,631,553	2,349,997
Prepaid expense	287,764	88,208
Other assets	215,158	41,196
Total current assets	7,007,143	6,313,826
Property and Equipment	7,204,566	7,140,871
Accumulated depreciation and amortization	(4,510,226)	(4,278,357)
Net property and equipment	2,694,340	2,862,514
Deposits on equipment	30,425	18,000
Patents and trademarks less accumulated amortization of \$91,883 and \$83,026	142,741	136,301
Other intangible assets less accumulated amortization of \$67,301 and \$54,757	63,406	72,734
Other assets	60,418	60,418
	\$ 9,998,473	\$ 9,463,793
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,906,953	\$ 1,523,758
Accrued compensation and benefits	104,446	68,340
Customer deposits	292,034	16,387
Current portion of obligation under capital lease with related party	210,730	185,881
Total current liabilities	2,514,163	1,794,366
Obligation under capital lease with related party, less current portion	2,409,663	2,518,668
Stockholders' Equity:		
Preferred stock, \$.001 par value, 5,000,000 shares authorized, none issued	—	—
Class A common stock, \$.001 par value, 16,610,866 shares authorized and 2,058,814 issued and outstanding	2,059	2,059
Class B common stock, \$.001 par value, 3,389,134 shares authorized, 483,264 issued and outstanding. Each share of Class B common stock is entitled to five votes per share.	483	483
Additional paid-in capital	10,564,357	10,564,357
Accumulated deficit	(5,484,682)	(5,409,039)
Accumulated other comprehensive loss	(7,570)	(7,101)
Total stockholders' equity	5,074,647	5,150,759
	\$ 9,998,473	\$ 9,463,793

See accompanying notes to unaudited condensed financial statements.

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Condensed Statements of Operations – Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2004	2005	2004
Revenues	\$3,202,751	\$2,770,577	\$6,086,507	\$5,878,735
Cost of sales	1,720,840	1,724,240	3,449,211	3,571,153
Gross margin	1,481,911	1,046,337	2,637,296	2,307,582
Operating expenses:				
Selling, general and administrative	1,195,566	1,014,903	2,360,732	2,027,006
Research and development	151,279	109,558	258,881	232,066
(Gain) Loss on disposal of fixed assets	(6,000)	—	(6,000)	21,451
Total operating expenses	1,340,845	1,124,461	2,613,613	2,280,523
Operating Income (Loss)	141,066	(78,124)	23,683	27,059
Non-Operating Income (Expense):				
Interest income	13,214	6,309	23,107	12,442
Interest expense	(93,238)	(98,105)	(187,624)	(197,961)
Other income	45,469	34,116	65,191	68,232
Total non-operating expense	(34,555)	(57,680)	(99,326)	(117,287)
Net Income (Loss)	\$ 106,511	\$ (135,804)	\$ (75,643)	\$ (90,228)
Net Income (Loss) Per Common Share:				
Basic and diluted	\$ 0.04	\$ (0.05)	\$ (0.03)	\$ (0.04)
Weighted average shares outstanding:				
Basic	2,542,078	2,541,649	2,542,078	2,541,117
Diluted	2,587,037	2,541,649	2,542,078	2,541,117

See accompanying notes to unaudited condensed financial statements.

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Condensed Statements of Cash Flows – Unaudited

	Six Months Ended June 30,	
	2005	2004
Cash Flows from Operating Activities:		
Net loss	\$ (75,643)	\$ (90,228)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation	255,070	287,485
Amortization of intangible assets and other assets	21,402	24,058
Loss (Gain) on disposal of fixed assets	(6,000)	21,451
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Trade accounts receivable, net	241,230	(245,967)
Inventories	(281,557)	(192,178)
Prepaid expense	(199,555)	(71,012)
Other assets	(177,179)	(70,028)
Increase (decrease) in:		
Accounts payable	383,195	265,184
Accrued compensation and benefits	36,106	(9,195)
Customer deposits	275,646	1,150
Total adjustments	548,358	10,948
Net cash provided by (used in) operating activities	472,715	(79,280)
Cash Flows from Investing Activities:		
Purchase of property and equipment	(99,320)	(117,637)
Purchase of investments	(13,679)	(9,018)
Proceeds from disposal of fixed assets	6,000	—
Acquisition of patents and trademarks	(15,297)	(15,005)
Net cash used in investing activities	(122,296)	(141,660)
Cash Flows from Financing Activities:		
Payments on capital lease obligation	(84,157)	(71,348)
Proceeds from exercise of employee stock options	—	7,476
Net cash used in financing activities	(84,157)	(63,872)
Net Increase (Decrease) in Cash and Cash Equivalents	266,262	(284,812)
Cash and Cash Equivalents, beginning of period	1,017,285	1,507,360
Cash and Cash Equivalents, end of period	\$1,283,547	\$1,222,548

See accompanying notes to unaudited condensed financial statements.

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Super Vision International, Inc.
Notes to Condensed Financial Statements (unaudited)

The accompanying condensed financial statements are unaudited, but in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) necessary to fairly state the Company's financial position, results of operations, and cash flows as of and for the dates and periods presented. The financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information.

These unaudited condensed financial statements should be read in conjunction with the Company's audited financial statements and footnotes included in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004 filed with the Securities and Exchange Commission. The results of operations for the six month period ended June 30, 2005 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2005 or for any future period.

1. Summary of Significant Accounting Policies

Our accounting policies are as set forth in the notes to financial statements referred to above.

Revenue recognition - Generally, the Company recognizes revenue for its products upon shipment to customers, provided no significant obligations remain and collection is probable. For sales that include customer acceptance terms, revenues are recorded after customer acceptance.

Investments - All investments securities are classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of deferred income taxes, reported as a separate component of stockholders' equity. Realized gains and losses and declines in value judged to be other-than-temporary on available-for-sale securities are included in other income. The costs of securities sold are based on the specific identification method. Interest and dividends on securities classified as available-for-sale are included in other income.

The amortized cost, unrealized gains, and fair values of the Company's investments held at June 30, 2005 are summarized as follows:

	Amortized Costs	Gross Unrealized Gain (Loss)	Estimated Fair Value
Available-for-sale securities:			
Fixed Income Funds	\$872,065	\$(12,199)	\$859,866
Money Market Funds	57,474	4,629	62,103
	<u>\$929,539</u>	<u>\$ (7,570)</u>	<u>\$921,969</u>

Stock-based compensation - The Company accounts for its stock-based employee compensation plans under the accounting provisions of APB Opinion No. 25, Accounting for Stock Issued to Employees, and has furnished the pro forma disclosures required under SFAS No. 123, Accounting for Stock-Based Compensation, and SFAS No. 148, Accounting for Stock-Based Compensation - Transition and Disclosure.

The Company applies the disclosure-only provisions of SFAS No. 123, but applies Accounting Principles Board Opinion No. 25 and related interpretations in accounting for its stock-based employee compensation plans. Accordingly, no compensation expense has been recognized for stock options granted under the plans since they were granted at or above market price. If the Company had elected to recognize compensation expense for stock options based on the fair value at grant date, consistent with the method prescribed by SFAS No. 123, net income (loss) and income (loss) per share would have been adjusted to the pro forma amounts shown below:

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Super Vision International, Inc.
Notes to Condensed Financial Statements (unaudited)

1. Summary of Significant Accounting Policies (continued):

Stock-based compensation – cont'd:

	Three Months Ended June 30		Six Months Ended June 30,	
	2005	2004	2005	2004
Net income (loss), as reported	\$106,511	\$(135,804)	\$ (75,643)	\$ (90,228)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(22,744)	(14,239)	(43,696)	(138,099)
Pro forma net income (loss)	\$ 83,767	\$(150,043)	\$(119,339)	\$(228,327)
Income (Loss) per share:				
Basic – as reported	\$ 0.04	\$ (0.05)	\$ (0.03)	\$ (0.04)
Basic – pro forma	\$ 0.03	\$ (0.06)	\$ (0.05)	\$ (0.09)
Diluted – as reported	\$ 0.04	\$ (0.05)	\$ (0.03)	\$ (0.04)
Diluted – pro forma	\$ 0.03	\$ (0.06)	\$ (0.05)	\$ (0.09)

These pro forma amounts were determined using the Black-Scholes Valuation model with the following key assumptions: (a) an average discount rate of 3% for 2005 and 2004; (b) a volatility factor of 40.9% and 42.8% for 2005 and 2004, respectively; and (c) an average expected option life of 7 years for 2005 and 2004; and (d) no dividend yield for 2005 and 2004.

Recent accounting pronouncements – In December 2004, FASB issued Statement No. 123 (revised) (“SFAS 123R”), *Share-Based Payment*. SFAS 123R is a revision of FASB Statement No. 123, *Accounting for Stock-Based Compensation*. This Statement supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and its related implementation guidance, and establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity’s equity instruments or that may be settled by the issuance of those equity instruments. SFAS 123R requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized over the period during which an employee is required to provide service in exchange for the award. This statement requires small business filers to recognize the fair value of stock options and other stock-based compensation to employees prospectively, effective for awards granted, modified, repurchased or cancelled during the first interim or annual reporting period that begins after December 15, 2005, which for the Company will be the first quarter of the year ending December 31, 2006. We anticipate adopting SFAS 123R on January 1, 2006. We currently measure stock-based compensation in accordance with APB Opinion No. 25. The impact on our financial condition or results of operations will depend on the number and terms of stock options outstanding on the date of change, as well as future options that may be granted. See Stock-Based Compensation above for the pro forma impact that the fair value method would have had on our net income (loss) for each of the quarters ended June 30, 2005, and 2004. We do not expect the adoption of SFAS 123R to have an impact on our cash flows or liquidity.

In November 2004, the FASB issued SFAS No. 151, *Inventory Costs* (SFAS 151). SFAS 151 requires that abnormal amounts of idle facility expense, freight, handling costs and spoilage be recognized as current-period charges. Further, SFAS 151 requires the allocation of fixed production overheads to inventory based on the normal capacity of the production facilities. Unallocated overheads must be recognized as an expense in the period in which they are incurred. SFAS 151 is effective for inventory costs incurred beginning in 2006. The Company is currently evaluating the effect of SFAS 151 on the financial statements and related disclosures.

In May 2005, FASB issued Statement No. 154 (“SFAS 154”), *Accounting Changes and Error Corrections*. SFAS 154 replaces APB No. 20, *Accounting Changes*, and SFAS 3, *Reporting Accounting Changes in Interim Financial Statements*, and establishes retrospective application as the required method for reporting a change in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS 154 applies to all voluntary changes in accounting principles and to changes required by an accounting pronouncement in the instance that the pronouncement does not include specific transition provisions. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not anticipate that the adoption of SFAS 154 will have a material effect on its results of operations.

Reclassifications - Certain items in the financial statements of prior periods have been reclassified to conform to current period presentation.

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Super Vision International, Inc.
Notes to Condensed Financial Statements (unaudited)

2. Inventories:

Inventories consist of the following:

	<u>June 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Raw materials	1,727,226	\$1,557,891
Work in process	—	4,941
Finished goods	1,160,335	974,233
	<u>2,887,561</u>	<u>2,537,065</u>
Less: Reserve for obsolescence	(256,008)	(187,068)
	<u>2,631,553</u>	<u>\$2,349,997</u>

3. Capital Lease Obligation with Related Party:

The Company leases its operating facility from a corporation owned by the Company's chief executive officer. The lease has a fifteen-year term extending through June 15, 2012. Assets recorded under this capital lease included in property and equipment are as follows:

	<u>June 30,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
Office/Warehouse building	\$ 3,081,000	\$ 3,081,000
Less accumulated amortization	(1,643,200)	(1,540,500)
	<u>\$ 1,437,800</u>	<u>\$ 1,540,500</u>

Future minimum annual lease payments for the remainder of 2005 and years subsequent thereto in the aggregate are as follows:

2005	\$ 336,588
2006	673,176
2007	692,811
2008	706,836
2009	727,451
2010 and thereafter	1,830,708
	<u>4,967,570</u>
Minimum lease payments	4,967,570
Less amount representing interest and executory costs	(2,347,177)
	<u>\$ 2,620,393</u>

Deposits included in other assets paid under this lease agreement totaled \$59,167 at June 30, 2005.

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Super Vision International, Inc.
Notes to Condensed Financial Statements (unaudited)

4. Stock Option Plan:

The Company adopted a stock option plan in 1994 (the "1994 Plan") that provided for the grant of incentive stock options and nonqualified stock options, and reserved 450,000 shares of the Company's Class A Common Stock for future issuance under the plan. The option price must be at least 100% of market value at the date of the grant and the options have a maximum term of 10 years.

Options granted typically vest ratably over a three-year period or based on achievement of performance criteria. As of June 30, 2005, options to purchase 230,984 shares of Class A common stock were vested and exercisable under this plan. The Board of Directors has determined that no new options will be granted under the 1994 Plan.

On September 18, 2003, the Company adopted a new stock option plan (the "2003 Plan") that provides for the grant of incentive stock options and nonqualified stock options, and reserved 450,000 additional shares of the Company's Class A Common Stock for future issuance under the plan. The option price of incentive stock options must be at least 100% of market value at the date of the grant and incentive stock options have a maximum term of 10 years.

Options granted typically vest ratably over a three-year period or based on achievement of performance criteria. As of June 30, 2005, 70,583 shares of Class A common stock were vested and exercisable under the 2003 Plan.

The following table summarizes activity in the stock option plans for the six months ended June 30, 2005:

	<u>Shares Available for Future Grant</u>	<u>Number of Shares Under Option</u>	<u>Weighted Average Option Price</u>
Balance, January 1, 2005	406,471	391,650	\$ 5.05
Options granted at market	(42,900)	42,900	\$ 3.88
Options cancelled	3,999	(15,799)	\$ 5.14
Balance, June 30, 2005	<u>367,570</u>	<u>418,751</u>	<u>\$ 4.93</u>

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Super Vision International, Inc. Notes to Condensed Financial Statements (unaudited)

5. Earnings (Loss) per Share:

The following is a reconciliation of basic net earnings (loss) per share to diluted net earnings (loss) per share:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2005	2004	2005	2004
Numerator:				
Net income (loss) (numerator for basic and diluted loss per share)	\$ 106,511	\$ (135,804)	\$ (75,643)	\$ (90,228)
Denominator:				
Denominator for basic loss per share weighted average shares	2,542,078	2,541,649	2,542,078	2,541,117
Effect of dilutive securities:				
“In-the-money” shares under warrants and stock option agreements	203,800	—	—	—
Less: shares assumed repurchased under treasury stock method	(158,841)	—	—	—
Weighted average shares outstanding-diluted	2,587,037	2,541,649	2,542,078	2,541,117
Basic earnings (loss) per share	\$ 0.04	\$ 0.05	\$ (0.03)	\$ (0.04)
Diluted earnings (loss) per share	\$ 0.04	\$ 0.05	\$ (0.03)	\$ (0.04)

Certain employee stock options and outstanding warrants are not included in the computation of earnings (loss) per share for the three and six months ended June 30, 2004 and the six months ended June 30, 2005 because the related shares are contingently issuable or to do so would have been anti-dilutive. For the three months ended June 30, 2005 and 2004, the Company had 682,663 and 798,592 potentially dilutive common shares, respectively, that were not included in the calculation of diluted earnings (loss) per share. For the six months ended June 30, 2005 and 2004, the Company had 886,463 and 798,592 potentially dilutive common shares, respectively, that were not included in the calculation of diluted earnings (loss) per share.

6. Contingencies:

In the ordinary course of business the Company has various pending legal proceedings generally involving contractual matters, infringement actions, product liability claims and other matters. Except as stated below, there has been no material developments in the Company’s pending legal proceedings from the descriptions contained in Part I, Item 3 of the Company’s Annual Report on Form 10-KSB for the year ended December 31, 2004 and Footnote 10 to the Company’s Financial Statements contained therein as supplemented by the description contained in Part II, Item 1 of the Company’s Quarterly Report on Form 10-QSB for the quarter ended March 31, 2005 and Footnote 6 to the Company’s Condensed Financial Statements contained therein.

On January 11, 2002, Super Vision filed a lawsuit (Case number CI 02-393) against Allen, Dyer, Doppelt, Milbrath & Gilchrist, P.A. (“Allen Dyer”), Brian R. Gilchrist, Esq., Jeffrey S. Whittle, Esq., and Rothwell Figg Ernst & Manbeck, P.C. in the 9th Judicial Circuit in and for Orange County Florida alleging that the defendants aided and abetted certain of the Wu Defendants in the theft of the Company’s trade secrets, fraud, violations of Florida’s RICO Act, negligent destruction of evidence and civil theft. The Company has alleged that the defendants in this lawsuit represented certain of the Wu Defendants and their enterprises in the filing of trade secret information belonging to Super Vision in order to obtain U.S. Patents on their client’s behalf. In June 2005 Allen Dyer and the individual defendants reached a confidential settlement on mutually acceptable terms and the lawsuit against Allen Dyer and the individual defendants was dismissed. The lawsuit against Rothwell Figg Ernst & Manbeck, P.C. is still pending.

In July 2003 Super Vision filed suit against Schiederwerk AG of Frankfurt, Germany in Federal Court in Orlando, Florida (case number 6: 03-CV-727-ORL-18-JGG) regarding power supplies that failed in Super Vision products. In June 2005 the parties reached a settlement resulting in the payment of \$45,000 by Scheiderwerk to Super Vision and the lawsuit has been dismissed. In addition, Schiederwerk’s insurer has agreed to pay Super Vision \$195,000 in insurance proceeds related to the settlement of this litigation. Super Vision collected the \$195,000 in July 2005 and has recorded the \$195,000 as a current asset in the balance sheet line Other Assets. Super Vision recorded both the \$45,000 and the \$195,000 settlement as a reduction to cost of sales for the three months ended June 30, 2005.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis provides information that management believes is useful in understanding our operating results, cash flows and financial condition. The discussion should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited Condensed Financial Statements and Notes thereto appearing elsewhere in this report and in the audited Financial Statements and related Notes to Financial Statements contained in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004.

Except for the historical information contained here, the discussions in this report contain certain forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995, as amended, the attainment of which involve various risks and uncertainties. Forward-looking statements may be identified by the use of forward-looking terminology such as "may", "will", "should", "expect", "plan", "believe", "estimate", "anticipate", "continue", "predict", "forecast", "intend", "potential", or similar terms, variations of those terms or the negative of those terms. The Company's actual results may differ materially from those described in these forward-looking statements due to, among other factors, competition in each of the Company's product areas, dependence on suppliers, the Company's limited manufacturing experience, the condition of the international marketplace and the evolving nature of the Company's fiber optic and LED lighting technology. Additional information concerning these or other factors which could cause actual results to differ materially from those contained or projected in, or even implied by, such forward-looking statements is contained in this report and also from time to time in the Company's other Securities and Exchange Commission filings. Readers should carefully review the risk factors described in other documents the Company files from time to time with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking information will prove to be accurate. Neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. The Company is under no duty to update any of the forward-looking statements after the date of this report on Form 10-QSB to conform its prior statements to actual results.

Overview

The Company designs, manufactures, markets and sells LED and fiber optic lighting products and systems for applications in the commercial, architectural, signage, swimming pool, spa and retail industries. The Company derives its revenues primarily from sales of SIDE-GLOW® and END-GLOW® fiber optic lighting cables, and fiber optic lighting sources, accessories, endpoint signs and displays and LED lighting products and systems. The Company also designs, manufactures, markets and sells fiber optically lit waterfalls and water features. The Company markets and distributes products both in the domestic and international markets primarily through a network of independent sales representatives and distributors.

Sales of fiber optic lighting products and systems accounted for 45% and 58% of the Company's revenue during the quarters ended June 30, 2005 and 2004, respectively, while sales of LED lighting products and systems accounted for 51% and 37% of the Company's revenue for the quarters ended June 30, 2005 and 2004, respectively. Sales of waterfall products accounted for 4% and 5% of the Company's revenue during the quarters ended June 30, 2005 and 2004, respectively. Although we anticipate that our market share for LED applications will continue to increase, we believe that sales of our fiber optic applications will remain strong in certain markets such as international, pools and certain architectural and specialized applications such as display case lighting. The Company is in the process of broadening market applications for both product lines through the development of products designed to capture market segments that have not been serviced by either fiber optic or LED lighting. The Company believes that this may result in a strong source of additional revenue in the future.

Management focuses on key indicators in order to measure the Company's performance. In the short-term (1-3 years), management is working towards achieving and maintaining positive trends in the following areas:

- Revenue growth and overall profitability
- Operating cash flow
- Gross margin in dollars and percentage of gross sales
- Operating expenses
- Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA, as adjusted)
- Liquidity
- Key balance sheet ratios (Accounts Receivable (AR)/Accounts Payable (AP)/Inventory turnover)
- Shareholder Value
- Developing new LED and fiber optic lighting products

In the long term (over 3 years), management is striving to generate consistent and predictable net sales growth while incrementally enhancing net cash flow from operations.

Three months ended June 30, 2005 vs. 2004

Results of Operations

	(Unaudited) Quarter Ended June 30,			
	2005	2004	Change	% Change
Revenues	\$3,202,751	\$2,770,577	\$432,174	16%
Cost of Sales	1,720,840	1,724,240	(3,400)	0%
Gross Margin	\$1,481,911	\$1,046,337	\$435,574	42%
Gross Margin %	46%	38%		

Revenues for the three months ended June 30, 2005 were approximately \$3,203,000 as compared to approximately \$2,771,000 for the three months ended June 30, 2004, an increase of approximately \$432,000 or 16%. Revenue growth in the period was seen primarily in the pool & spa market, \$346,000, and the international market, \$75,000. The increase in revenue in the pool and spa market was primarily due to a strong start entering the summer pool season and original equipment manufacturer (OEM) sales to several major spa manufacturers. The pool market gained substantial momentum in the second quarter by surpassing comparative period sales in the second quarter of 2004 by 28%. Increase in revenue in the international market was mainly due to sales in Europe, the Middle East and Asia. Sequentially, the commercial market also showed a modest 2% revenue growth in the quarter from being behind by 7% in the first quarter of 2005. This improvement in the commercial market is partly as a result of the effect of price increases in architectural products which took effect at the end of the first quarter of 2005, and to the timing of new architectural projects introduced in the second quarter of 2005. The Company anticipates that this trend will continue to increase as LED products and systems continues to gain traction in the architectural application as the Company is beginning to see its new SaVi™ LED products gain global market acceptance.

Gross margin for the quarter ended June 30, 2005 was approximately \$1,481,000 or 46% as compared to approximately \$1,046,000 or 38% for the quarter ended June 30, 2004. Increased gross margin in the second quarter was attributable to a recovery of costs resulting from two out-of-court legal settlements totaling \$240,000 relating to charges to cost of sales in prior years to replace damaged and faulty parts on fiber optic light sources. See Note 6 to our condensed financial statements included herein for further discussion). Excluding this recovery of costs, the gross margin improved to 39% for the quarter ended June 30, 2005 compared to 38% for the quarter ended June 30, 2004. Gross margin is dependent, in part, on product, market, and customer mix, which fluctuates from time to time. Excluding the \$240,000 recovery of costs, the increase in gross margin primarily resulted from better vendor pricing negotiations especially on LED lighting products and systems and continued cost improvement in production overhead.

Management expects to see improvement in its gross margin in the remainder of 2005 and beyond through improving new product cost management, improving product quality, continuing manufacturing process improvements and introducing new LED product applications that the Company expects to introduce to the market at higher gross margins as part of its plans to maximize market share. Management recognizes the continued market pressure to offer fiber optic products in both international and domestic markets at reduced prices. The Company anticipates that increased volume will help compensate for the lost gross margin dollars as a result of increased revenue and reduced product costing across the board due to increased demand for these products. Specific initiatives which management is implementing include, but are not limited to, the following:

1. Product Quality:

- a. Continuing improvement of product quality through a more specific checklist-driven ongoing inspection of products from our offshore manufacturing partners.
- b. Continuing product quality review by the Company and focused follow-through and closure of quality issues, as well as documented, preventive procedures to mitigate possible recurrences.
- c. Clearly defined accountability for manufacturing personnel and supervisors regarding quality control within the Company.

2. Product Pricing and Sourcing:

- a. Continuing drive for more favorable product costing and sourcing through value-added re-engineering and manufacturing efficiencies.
- b. Proper product specifications during the early stages of product development leading to objective product costing and leveraged pricing negotiations prior to production.

3. Inventory Management

- a. Focusing on the Company's need to maintain proper inventory levels to ensure competitive lead times versus the risk of inventory obsolescence due to changing technology and customer requirements.

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- b. Focusing on reducing inventory levels and implementing improved inventory planning to avoid excessive shipping charges.
4. Lean Manufacturing and Cross Functional Training
- a. Review and assessment of existing manufacturing processes by an independent outside consultant aimed at identifying key weaknesses or breakdowns in the processes as well as potential duplications or absence of controls.
 - b. Documentation of processes in manufacturing and implementation of periodic evaluation of existing procedures to ensure adherence and consistency.
 - c. Cross-functional training among production personnel to ensure fluid flow of work during peak production times.

Operating Income (Loss)

	(Unaudited) Quarter Ended June 30,			
	2005	2004	Change	% Change
Gross Margin	\$1,481,911	\$1,046,337	\$435,574	42%
Less operating expenses:				
Selling, general & administrative	1,195,566	1,014,903	180,663	18%
Research & development	151,279	109,558	41,721	38%
(Gain)Loss on sale of fixed assets	(6,000)	—	(6,000)	(100)%
Total operating expenses	1,340,845	1,124,461	216,384	19%
Operating income (loss)	141,066	(78,124)	219,190	281%

Selling, general and administrative (SG&A) expenses were approximately \$1,196,000 during the three months ended June 30, 2005 as compared to approximately \$1,015,000 for the same period in 2004, an increase of approximately \$181,000 or 18%. The increase was attributed to increase in wages and benefits of \$85,000, advertising and promotion, training and tradeshow expenses of approximately \$58,000, taxes and insurance expenses of \$67,000 and professional fees of \$25,000 offset by the decreases in commission expenses of \$17,000, temporary services of \$19,000 and other indirect selling expenses of \$4,000. While reducing SG&A remains the focus of the management, the Company experienced a substantial increase in total wages and benefits mainly due to increased health insurance costs and in taxes resulting from additional sales and use taxes accrued for in prior years based on recently concluded sales tax audit. Regulatory compliance requirements relating to the Sarbanes-Oxley Act of 2002 has also led to the increase in professional fees for the quarter ended June 30, 2005. In addition, increased marketing efforts to introduce new products and distributor training on their features contributed to the increase in selling expenses. Management however expects that training and trade show expenses will taper off in subsequent periods due to timing of these expenses and fewer scheduled trade shows for the remainder of 2005. The Company currently implements aggressive budget to actual expense assessments to ensure adherence to company projections.

Research and development costs were approximately \$151,000 during the three months ended June 30, 2005 as compared to approximately \$110,000 during the same period in 2004, an increase of approximately \$42,000 or 38%. Management attributes this increase in research and development expenses due to its expanded product development initiatives to compete with the ever-changing market for LED and fiber optic lighting technology. Management believes that the Company's long-term success will depend, in large measure, on its new product design and development efforts and thus expects to see further increases in R&D expenses in the future as a result of anticipated new product development and other related R&D activities.

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure provided as additional information to investors in order to provide them with an alternative method for assessing our financial condition and operating results. EBITDA is not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. However, Super Vision's management believes that EBITDA may provide additional information with respect to the Company's performance and its ability to meet future debt service, capital expenditures and working capital requirements.

Whenever we refer to a non-GAAP financial measure we will present the most directly comparable financial measure calculated and presented in accordance with GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference with such comparable GAAP financial measure.

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The following table reconciles the GAAP measure net income / (loss) to the non-GAAP financial measure EBITDA:

	(Unaudited) Quarter Ended June 30,			
	2005	2004	Change	%
Net Income (Loss)	\$106,511	\$(135,804)	\$242,315	178%
Plus:				
Interest	93,238	98,105	(4,867)	-5%
Depreciation	128,420	145,469	(17,049)	-12%
Amortization	10,791	8,305	2,486	30%
Taxes	—	—	—	—
EBITDA	<u>\$338,960</u>	<u>\$ 116,075</u>	<u>\$222,885</u>	<u>192%</u>
% of Revenues	<u>11%</u>	<u>4%</u>		

The improvement in EBITDA for the three months ending June 30, 2005 compared to the same period in 2004, was primarily due to recovery of costs resulting from two out-of-court legal settlements totaling \$240,000 relating to charges to cost of sales in prior years to replace damaged and faulty parts on fiber optic light source.

Interest expense of approximately \$93,000 for the quarter ended June 30, 2005, as compared to approximately \$98,000 for the same period in 2004, relates to the capital lease for the Company's facility in Orlando, Florida.

Other income was approximately \$45,000 for the three months ended June 30, 2005 compared to approximately \$34,000 for the same period in 2004. The increase was mainly from licensing activity of approximately \$36,000. The Company entered into a number of license agreements relating to its patent portfolio and intellectual property used in the LED technology previously acquired from High End Systems, Inc. and Jerry Laidman in 2004. Management anticipates that more LED companies may license this intellectual property but this activity is not expected to have a material financial impact on the Company. The increase in licensing was partially offset by a reduction in rental income. The source of other income for the quarter ended June 30, 2004 was primarily rental income from subleasing excess warehouse capacity. There was no income from subleasing activities during the quarter ended June 30, 2005. The excess capacity is currently available for sublease and the Company is actively seeking sub-lessees.

The Company has provided a full valuation allowance against income tax benefits resulting from losses incurred and accumulated on operations and as a result there was no provision for income tax during the six months ended June 30, 2005 and 2004, respectively.

Net income for the three months ended June 30, 2005 was approximately \$107,000 or \$0.04 per basic and diluted common share, as compared to a net loss of approximately \$136,000, or \$0.05 per basic and diluted common share, for the quarter ended June 30, 2004. The income for the period was primarily due to the improvement in the Company's gross margin resulting from two out-of-court legal settlements totaling \$240,000.

Six months ended June 30, 2005 vs. 2004

Results of Operations

	(Unaudited) Six Months Ended June 30,			
	2005	2004	Change	% Change
Revenues	\$6,086,507	\$5,878,735	\$ 207,772	4%
Cost of Sales	3,449,211	3,571,153	(121,942)	-3%
Gross Margin	<u>\$2,637,296</u>	<u>\$2,307,582</u>	<u>\$ 329,714</u>	<u>14%</u>
Gross Margin %	<u>43%</u>	<u>39%</u>		<u>4%</u>

Total revenues for the six months ended June 30, 2005 were approximately \$6,087,000 as compared to approximately \$5,879,000 for the six months ended June 30, 2004 an increase of approximately \$208,000 or 4%. Overall revenue growth in the period was seen in both the pool & spa market, \$68,000, and the international market, \$204,000. Increase in revenue in the pool and spa market was primarily due to original equipment manufacturer (OEM) sales to several major spa manufacturers while the increase in revenue in the

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international market was mainly due to sales in Asia, Europe, and the Middle East. The increases in revenue for the period were offset by a slight decrease in commercial lighting of \$58,000. The decrease in revenue in the commercial market was attributed to a large one-time project that shipped in the 1st Quarter of 2004 that did not repeat in 2005. The Company anticipates that sales for commercial lighting will continue to strengthen, as evidenced in our 2nd quarter of 2005 growth, and this trend is expected to continue with the increase in traction of the new SaVi™ LED product line.

Gross margin for the six months ended June 30, 2005 was approximately \$2,637,000 or 43% as compared to approximately \$2,308,000 or 39% for the six months ended June 30, 2004. Gross margin is dependent, in part, on product mix, as well as the mix of customers, which fluctuates from time to time. The increase in gross margin primarily resulted from higher margins from the international and commercial markets, offset in part by lower margins from the pool market. Furthermore, increased gross margin in the second quarter of 2005 was attributable to a recovery of costs resulting from two out-of-court settlements totaling \$240,000 relating to charges to cost of sales in prior years to replace damaged and faulty parts on fiber optic light sources. Without this recovery of costs, 2005 year-to-date gross margins remain the same at 39% as compared to 2004 year-to-date gross margins.

Operating Income

	(Unaudited) Six Months Ended June 30,			
	2005	2004	Change	% Change
Gross Margin	\$2,637,296	\$2,307,582	\$329,714	14%
Less operating expenses:				
Selling, general & administrative	2,360,732	2,027,006	333,726	16%
Research & development	258,881	232,066	26,815	12%
(Gain)Loss on disposal of fixed assets	(6,000)	21,451	(27,451)	-128%
Total operating expenses	2,613,613	2,280,523	333,090	15%
Operating income	\$ 23,683	\$ 27,059	\$ (3,376)	-12%

Selling, general and administrative (SG&A) expenses were approximately \$2,361,000 for the six months ended June 30, 2005 as compared to approximately \$2,027,000 for the same period in 2004, an increase of approximately \$334,000 or 16%. The increase in SG&A was mainly attributed to increases in wages & benefits of \$185,000, legal expenses of \$94,000, bad debts of \$33,000, advertising, promotion, training and tradeshow expenses of approximately \$28,000, and taxes and insurance expenses of \$49,000. These increases were offset by decreases in commission expense of \$59,000. While reducing SG&A remains the focus of the management, certain expenses were expected to increase as a result of its initiative to position the Company for growth. Management also anticipates that certain expenses such as legal fees, consulting and related professional fees resulting from continued implementation and testing of Sarbanes-Oxley Section 404 as well as health insurance related benefits will continue to be higher than their comparative period numbers. In addition, increased marketing effort to introduce new products, and training distributors on the features of these products contributed to the increase in advertising, promotion training and tradeshow expenses. Management however expects that training and trade show expenses will taper off in subsequent periods due to timing of these expenses and fewer scheduled trade shows for the remainder of 2005. The Company currently implements aggressive budget to actual expense assessments to ensure adherence to company projections.

Research and development costs were approximately \$259,000 for the six months ended June 30, 2005 as compared to approximately \$232,000 for the same period in 2004, an increase of approximately \$27,000 or 12%. Management attributes this increase in research and development expenses due to its expanded product development initiatives to compete with the ever changing market for LED and fiber optic lighting technology. Management believes that the Company's long-term success will depend, in large measure, on its new product design and development efforts and thus expects to see further increases in R&D expenses in the future as a result of anticipated new product development and other related R&D activities.

Earnings before interest, taxes, depreciation and amortization (EBITDA) is a non-GAAP financial measure provided as additional information to investors in order to provide them with an alternative method for assessing our financial condition and operating results. EBITDA is not in accordance with, or a substitute for, GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. However, Super Vision's management believes that EBITDA may provide additional information with respect to the Company's performance and its ability to meet future debt service, capital expenditures and working capital requirements.

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Whenever we refer to a non-GAAP financial measure we will present the most directly comparable financial measure calculated and presented in accordance with GAAP, along with a reconciliation of the differences between the non-GAAP financial measures we reference with such comparable GAAP financial measure.

The following table reconciles the GAAP measure net income / (loss) to the non-GAAP financial measure EBITDA:

	(Unaudited) Six Months Ended June 30,			
	2005	2004	Change	%
Net Loss	\$ (75,643)	\$ (90,228)	\$ 14,585	16%
Plus:				
Interest	187,624	197,961	(10,337)	-5%
Depreciation	255,070	287,485	(32,415)	-11%
Amortization	21,402	24,058	(2,656)	-11%
Taxes	—	—	—	—
EBITDA	\$388,453	\$419,276	\$(30,823)	-7%
% of Revenues	6%	-7%		

There was no significant change in EBITDA for the six months ended June 30, 2005 as compared to the six months ended June 30, 2004.

Interest expense of approximately \$188,000 for the six months ended June 30, 2005, as compared to approximately \$198,000 for the same period last year, relates to the capital lease for the Company's facility in Orlando, Florida.

Other income was approximately \$65,000 for the six months ended June 30, 2005 compared to approximately \$68,000 for the same period in 2004. The source of other income for the six months ended June 30, 2005 was primarily from licensing activities compared to last year other income was mostly from subleasing excess warehouse capacity. The excess capacity is currently available for sublease and the Company is actively seeking sub-lessees. The Company entered into a number of license agreements relating to its patent portfolio and intellectual property used in the LED technology previously acquired from High End Systems, Inc. and Jerry Laidman in 2004. Management anticipates that more LED companies may license this intellectual property but this activity is not expected to have a material financial impact on the Company.

The Company has provided a full valuation allowance against income tax benefits resulting from losses incurred on operations and as a result there was no provision for income tax for the six months ended June 30, 2005 and 2004.

The net loss for the six months ended June 30, 2004 was approximately \$46,000, or \$0.02 per basic and diluted common share, as compared to a net loss of approximately \$90,000, or \$0.04 per basic and diluted common share, for the six months ended June 30, 2004.

Liquidity and Capital Resources

Working capital was approximately \$4,500,000 as of June 30, 2005 and December 31, 2004, respectively. During the six months ended June 30, 2005, the Company financed its operations primarily from working capital and cash on hand.

Cash Flows from Operating Activities

	(Unaudited)			
	June 30, 2005	December 31, 2004	Change	% Change
Selected Balance Sheet Items				
Cash and investments	2,205,515	1,926,042	279,473	15%
Trade accounts receivable, net	1,667,153	1,908,383	(241,230)	-13%
Inventories, net	2,631,553	2,349,997	281,556	12%
Accounts payable	1,906,953	1,523,758	383,195	25%
Customer Deposits	292,034	16,387	275,647	1682%

Net cash provided by operations amounted to approximately \$473,000 for the six months ended June 30, 2005 as compared to approximately \$79,000 used in operations for the six months ended June 30, 2004. The most significant source of cash was generated by a decrease in accounts receivable of approximately \$241,000, an increase in customer deposits and accounts payable of approximately

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\$276,000 and \$383,000, respectively. The decrease in accounts receivable was due to focused collection efforts while the increase in accounts payable was primarily due to an increase in inventory purchases from vendors and the timing of invoices due for payment. The increase in customer deposits was due to a single deposit from a customer in the amount of \$237,000. The customer canceled this sale in July 2005 and the deposit was refunded in the same period. The increase in inventory was primarily due to new LED lighting system products developed by the Company for the OEM spa as well as architectural market. Other than the increase in inventory, cash provided by operations was offset by increases of prepaid expenses of approximately \$200,000 and other assets of approximately \$177,000. The increase in prepaid expense was related to advance payments for health insurance of \$69,000, inventory pre-payments of \$46,000, advertising costs of \$33,000, professional fees of \$23,000, dues and subscriptions of \$13,000 and investor relations fees of \$11,000. The increase in other assets was due to primarily to a \$195,000 receivable related to an out-of-court legal settlement relating to prior period charges to cost of sales to replace damaged and faulty parts on fiber optic light sources in 2002.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2005 amounted to approximately \$122,000 and was primarily related to the acquisition of approximately \$99,000 in tooling, manufacturing equipment, and computer hardware and software, and investment of approximately \$15,000 in patents and trademarks. The Company also reinvested interest and dividend income of approximately \$14,000 in a fixed income mutual fund during the six months ended June 30, 2005.

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended June 30, 2005 was approximately \$84,000 relating to payments on the capital lease obligation on the Company's facility.

Contractual Obligations

Related Party Capital Lease Obligations

On September 27, 1996, we entered into a lease agreement with Max King Realty, an entity controlled by Mr. Kingstone, our President, Chief Executive Officer and Chairman of the Board, for approximately 70,000 square feet of warehouse and office space. We began occupying this facility in August 1997. The lease term expires in June 2012. Rental payments for each of the six months ended June 30, 2005 and 2004 amounted to approximately \$323,000 and \$321,000, respectively. The lease agreement was approved by all of the disinterested directors of Super Vision, with Mr. Kingstone abstaining from the vote. At the time we entered into the lease agreement, based on then-current economic conditions, the real estate market, and our prospects, we believed that the transaction was on terms, when taken as a whole, no less favorable to Super Vision than could generally be obtained from unaffiliated third parties.

Future minimum annual lease payments for the remainder of 2005 and years subsequent thereto in the aggregate are as follows:

2005	\$ 336,588
2006	673,176
2007	692,811
2008	706,836
2009	727,451
2010 and thereafter	1,830,708
	<hr/>
Minimum lease payments	4,967,570
Less amount representing interest and executory costs	(2,347,177)
	<hr/>
Present value of net minimum lease payments under capital lease	\$ 2,620,393
	<hr/>

Related Party Funding for Collection Activities

On November 18, 1999, the Company filed a lawsuit (case number CI-99-9392) (the "Lawsuit") in the Circuit Court of the 9th Judicial Circuit in and for Orange County Florida against various defendants (the "Wu Defendants"). The Company is also pursuing litigation against certain parties related to the Wu Defendants (the "Related Litigation"). In June 2003, the Court issued an order of final judgment against all parties in the Lawsuit. Pursuant to the final judgment, the Company was awarded \$38,405,978.17 and further awarded an additional amount for legal fees and costs of \$834,297.40. As of the date of entry of the final judgment, these amounts will accrue interest at a rate of six percent per year. The Company believes that the monetary judgment awarded in the Lawsuit, and any amounts that may be awarded in

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the Related Litigation, will be very difficult and costly to collect, if collectable at all. The Company may not be successful in collecting any amounts awarded in the Lawsuit or that may be awarded in the Related Litigation. The Board of Directors of the Company has elected not to use Company funds to pursue collection activities in the Lawsuit or Related Litigation (the "Collection Activities"). The Company has reached an agreement with Mr. Kingstone regarding funding for Collection Activities. Mr. Kingstone has the option of providing personal funds ("Kingstone Funds"), or arranging for funds from third parties ("Third Party Funds"), to pursue Collection Activities. As of June 30, 2005, Mr. Kingstone has provided \$350,000 in a form of Letter of Credit, and has arranged for \$350,000 of Third Party Funds, to further the Collection Activities. Both Kingstone Funds and Third Party Funds were subsequently returned after being held for bonding in connection with collection activities. Mr. Kingstone has also notified the Company that he has available, on a standby basis, up to an additional \$3,000,000 of bonding capacity to pursue further Collection Activities. In consideration for providing Kingstone Funds and/or Third Party Funds for Collection Activities, the Company has agreed to pay Mr. Kingstone 25% of amounts actually received by the Company from all Collection Activities less all costs and expenses incurred from time to time by the Company in connection with the Lawsuit, the Related Litigation and the Collection Activities, which have not been recovered by the Company

Purchase Obligations

We are not a party to any significant long-term service or supply contracts with respect to our processes. We refrain from entering into any long-term purchase commitments in the ordinary course of business.

Critical Accounting Policies

We use certain accounting policies and procedures to manage changes that occur in our business environment that may affect accounting estimates made in preparation of our financial statements. These estimates relate primarily to our allowance for doubtful accounts receivable and provision for inventory obsolescence. Our strategy for managing doubtful accounts includes stringent, centralized credit policies and collection procedures for all customer accounts. We use a credit risk rating system in order to measure the quality of individual credit transactions. We strive to identify potential problem receivables early, take appropriate collection actions, and maintain adequate reserve levels. Our strategy for providing for inventory obsolescence includes the evaluation of existing inventory usage and realizable value. Typically, no provision is recorded for inventory that is currently used and sold within six months of purchase. We believe that our allowance for doubtful accounts and provision for inventory obsolescence was adequate at June 30, 2005 and December 31, 2004.

Item 3. Controls and Procedures

We carried out an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on this evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective for recording, processing, summarizing and reporting the information we are required to disclose in the reports we file under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules, regulations and forms. Our CEO and CFO further concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that we file or submit under the Act is accumulated and communicated to management, including our CEO and CFO, to allow timely decisions regarding required disclosure. Our management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures, which by their nature can provide only reasonable assurance regarding management's control objectives.

There have been no significant changes in our internal control over financial reporting during our last quarter, identified in connection with the evaluation referred to above, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

Item 1. Legal Proceedings

In the ordinary course of business the Company has various pending legal proceedings generally involving contractual matters, infringement actions, product liability claims and other matters. Except as stated below, there has been no material developments in the Company's pending legal proceedings from the descriptions contained in Part I, Item 3 of the Company's Annual Report on Form 10-KSB for the year ended December 31, 2004 and Footnote 10 to the Company's Financial Statements contained therein as supplemented by the description contained in Part II, Item 1 of the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 2005 and Footnote 6 to the Company's Condensed Financial Statements contained therein.

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On January 11, 2002, Super Vision filed a lawsuit (Case number CI 02-393) against Allen, Dyer, Doppelt, Milbrath & Gilchrist, P.A. (“Allen Dyer”), Brian R. Gilchrist, Esq., Jeffrey S. Whittle, Esq., and Rothwell Figg Ernst & Manbeck, P.C. in the 9th Judicial Circuit in and for Orange County Florida alleging that the defendants aided and abetted certain of the Wu Defendants in the theft of the Company’s trade secrets, fraud, violations of Florida’s RICO Act, negligent destruction of evidence and civil theft. The Company has alleged that the defendants in this lawsuit represented certain of the Wu Defendants and their enterprises in the filing of trade secret information belonging to Super Vision in order to obtain U.S. Patents on their client’s behalf. In June 2005 Allen Dyer and the individual defendants reached a confidential settlement on mutually acceptable terms and the lawsuit against Allen Dyer and the individual defendants was dismissed. The lawsuit against Rothwell Figg Ernst & Manbeck, P.C. is still pending.

In July of 2003 Super Vision filed suit against Schiederwerk AG of Frankfurt, Germany in Federal Court in Orlando, Florida (case number 6: 03-CV-727-ORL-18-JGG) regarding power supplies that failed in Super Vision products. In June 2005 the parties reached a settlement resulting in the payment of \$45,000 by Scheiderwerk to Super Vision and the lawsuit has been dismissed. In addition, Schiederwerk’s insurer has agreed to pay Super Vision \$195,000 in insurance proceeds related to the settlement of this litigation. The Company received the \$195,000 payment in July 2005.

Item 6. Exhibits

(a) Exhibits.

<u>Exhibit Number</u>	<u>Document Description</u>
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith

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In accordance with the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned, thereunder duly authorized.

SUPER VISION INTERNATIONAL, INC.

By: /s/ Brett M. Kingstone

Date: August 4, 2005

Brett M. Kingstone, Chief Executive Officer
(Principal Executive Officer)

By: /s/ Danilo Regalado

Date: August 4, 2005

Danilo Regalado, Chief Financial Officer
(Principal Financial and Accounting Officer)

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Exhibit Index

(a) Exhibits.

<u>Exhibit Number</u>	<u>Document Description</u>
31.1	Certifications of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
31.2	Certifications of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
32.1	Certifications of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*

* Filed herewith

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brett M. Kingstone, President, Chief Executive Officer and Chairman of the Board of Super Vision International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Super Vision International, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) [Paragraph omitted pursuant to SEC Releases Numbers 33-8238 and 34-47986];
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 4, 2005

/s/ Brett M. Kingstone

Brett M. Kingstone,
Chairman of the Board, President and
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT
TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Danilo Regalado, Chief Financial Officer of Super Vision International, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Super Vision International, Inc.;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b. [Paragraph omitted pursuant to SEC Releases Numbers 33-8238 and 34-47986];
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date: August 4, 2005

/s/ Danilo Regalado

Danilo Regalado
Chief Financial Officer

**Certification of Chief Executive Officer and Chief Financial Officer Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

This Certification is being filed pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002. This Certification is included solely for the purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act and is not intended to be used for any other purpose. In connection with the accompanying Quarterly Report on Form 10-QSB of Super Vision International, Inc. for the quarter ended June 30, 2005, each of the undersigned hereby certifies in his capacity as an officer of Super Vision International, Inc. that to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Brett M. Kingstone

Brett M. Kingstone
Chief Executive Officer

Dated: August 4, 2005

By: /s/ Danilo Regalado

Danilo Regalado
Chief Financial Officer

Dated: August 4, 2005