

Parametric Sound Corp
Form S-1/A
March 16, 2012

As filed with the Securities and Exchange Commission on March 16, 2012

Registration File No. 333-179177

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
to
FORM S-1

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PARAMETRIC SOUND CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

Nevada	3669	27-2767540
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1941 Ramrod Avenue, Suite #100
Henderson, NV 89014
(Address, including zip code, and telephone number, including area code,
of Registrant's principal executive offices)

(888) 477-2150
(Registrant's Telephone Number, including Area Code)

James A. Barnes
Chief Financial Officer, Treasurer and Secretary
PARAMETRIC SOUND CORPORATION
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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

 CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
Common Stock, \$0.001 par value, Offered by Us (2)	1,955,000	\$9,775,000	\$1,120.22
Underwriter Warrant (3)(4)(5) Shares of Common Stock underlying Underwriter Warrant	1 warrant 195,500	\$100 \$1,221,875	— \$140.03
Total			\$1,260.25(6)

- (1) Includes 255,000 shares of our common stock that the underwriter has the option to purchase to cover over-allotments, if any.
- (2) Estimated in accordance with Rule 457(o) under the Securities Act of 1933, as amended, solely for the purpose of calculating the registration fee. See "Underwriting" beginning on page 50 of the prospectus contained within this Registration Statement for information on underwriting arrangements relating to this Offering.
- (3) No registration fee required pursuant to Rule 457(g) under the Securities Act of 1933.
- (4) Registers a warrant to be granted to the underwriter for an amount equal to 10% of the number of the shares sold to the public.
- (5) Pursuant to Rule 416 under the Securities Act of 1933, this registration statement shall be deemed to cover the additional securities (i) to be offered or issued in connection with any provision of any securities purported to be registered hereby to be offered pursuant to terms which provide for a change in the amount of securities being offered or issued to prevent dilution resulting from stock splits, stock dividends, or similar transactions and (ii) of the same class as the securities covered by this registration statement issued or issuable prior to completion of the distribution of the securities covered by this registration statement as a result of a split of, or a stock dividend on, the registered securities.
- (6) The registration fee was paid in connection with the original filing of the registration statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

SUBJECT TO COMPLETION, DATED MARCH 16 , 2012

PRELIMINARY PROSPECTUS

1,700,000 Shares

Common Stock

This is a firm commitment public offering of 1,700,000 shares of our common stock.

The public offering price for the common stock offered hereby is estimated to be \$5.00 per share. Our common stock is quoted on the Over-the-Counter Bulletin Board (OTC Bulletin Board) under the symbol "PAMT.OB". On March 16 , 2012, the last reported sale price for our common stock was \$1.00 per share. Immediately after the effectiveness of the registration statement of which this prospectus is a part, and prior to commencement this offering, we will effect a reverse stock split anticipated to be on a 1-for-5 basis. The proposed aggregate price of the shares offered hereby assuming a \$5.00 per share and excluding shares that may be sold on exercise of the underwriter's over- allotment option, is \$8,500,000 .

We have applied for listing of our common stock on The NASDAQ Capital Market under the symbol "PAMT," which listing we expect to occur at the commencement of this offering. No assurance can be given that our application will be approved. If the application is not approved, we will not commence this offering and the shares of our common stock will continue to be traded on the OTC Bulletin Board.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 8 for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	\$[_____]	\$[_____]
Underwriting discounts and commissions	\$[_____]	\$[_____]
Proceeds to us, before expenses (1)	\$[_____]	\$[_____]

(1)Excludes a non-accountable expense allowance of \$135,000 payable to MDB Capital Group LLC, of which \$30,000 has been paid in advance. See "Underwriting" on page 50.

The underwriter also may purchase up to an additional 255,000 shares of our common stock within 45 days of the date of this prospectus to cover over-allotments, if any, on the same terms set forth above.

The underwriter expects to deliver the shares on or about [_____], 2012.

MDB Capital Group LLC

The date of this prospectus is [_____], 2012.

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information in this registration statement or any related prospectus is accurate as of any date other than the date on the front of the applicable document, regardless of the time of delivery of this prospectus or any sale of our common stock.

No dealer, salesperson or any other person is authorized in connection with this offering to give any information or make any representations about us, the securities offered hereby or any matter discussed in this prospectus, other than those contained in this prospectus and, if given or made, the information or representations must not be relied upon as having been authorized by us. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any security other than the securities offered by this prospectus, or an offer to sell or a solicitation of an offer to buy any securities by anyone in any circumstance in which the offer or solicitation is not authorized or is unlawful.

The terms “we,” “us,” “our” and the “company,” as used in this prospectus, refer to Parametric Sound Corporation, unless otherwise indicated. Information in our website does not constitute part of this prospectus.

We use HyperSonic[®], HSS[®], and HyperSound[™] as trademarks in the United States and elsewhere. All other trademarks or trade names referred to in this prospectus are the property of their respective owners.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION
CONTAINED IN THIS PROSPECTUS

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts contained in this prospectus are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “could,” “will,” “would,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “intend,” “predict,” “seek,” “contemplate,” “potential” or “continue” or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- Our need to raise additional capital;
- The limited number of suppliers for some of our components;
- Our market being characterized by rapidly advancing technology;
- The impact of competitive products, technologies and pricing;
- Manufacturing capacity constraints and difficulties;
- Local, regional, national and international economic conditions and events and the impact they may have on us and our customers;
 - Continued volatility in the credit and equity markets and the resulting effect on the general economy; and
 - Our success at managing the risks involved in the foregoing items;
 - The commercialization of our proprietary technologies;
 - The implementation of our business model and strategic plans for our business and technology;
- The scope of protection we are able to establish and maintain for intellectual property rights covering our technology;
 - Estimates of our expenses, future revenues, capital requirements and our needs for additional financing;
 - The timing or likelihood of regulatory filings and approvals;
 - Our financial performance; and
 - Developments relating to our competitors and our industry.

These statements relate to future events or to our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under “Risk Factors” and elsewhere in this prospectus.

Any forward-looking statement in this prospectus reflects our current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, industry and future growth. Given these uncertainties, you should not place undue reliance on these forward-looking

statements. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

Over-Allotment Option

Unless otherwise indicated, information in this prospectus assumes that the underwriter will not exercise its option to purchase additional shares.

PROSPECTUS SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and does not contain all the information that you need to consider in making your investment decision. You should carefully read this entire prospectus, as well as the information to which we refer you, before deciding whether to invest in the common stock. You should pay special attention to the “Risk Factors” section of this prospectus to determine whether an investment in the common stock is appropriate for you.

The registration statement of which this prospectus is a part, including the exhibits and schedules thereto, contains additional relevant information about us and our capital stock. With respect to the statements contained in this prospectus regarding the contents of any agreement or any other document, in each instance, the statement is qualified in all respects by the complete text of the agreement or document, a copy of which has been filed or incorporated by reference as an exhibit to the registration statement.

Unless otherwise indicated, all share amounts and prices assume the consummation of the anticipated 1-for-5 reverse stock split to be effected immediately following the effectiveness of the registration statement of which this prospectus is a part.

Our Business

We are a technology company with a substantial body of intellectual property focused on delivering novel audio solutions. Our HyperSonic® Sound (“HSS®”) technology creates sound in a new way - - “in-the-air” along a directional ultrasonic beam- - a significant departure from traditional speaker technology. Our ability to beam, focus and control sound empowers commercial solutions that benefit from directed audio including digital signage, kiosks and electronic gaming (slot machines). We are establishing HyperSound™ as the consumer brand for our novel sound reproduction method that enhances standard stereo content producing a robust and distinct 3D sound image from just two thin emitters. We are targeting our audio technology for use in consumer markets including computers, video gaming, televisions, home audio and mobile devices.

Our first commercial product line, HSS-3000, delivers directed audio solutions primarily targeting commercial customers for digital signage applications that benefit from focused sound targeted to specific locations. Commercialization of HSS-3000 demonstrates the ability of our technology to achieve high quality directional sound. We are now seeking to expand into new markets through both product sales and licensing. Our licensing strategy is to identify large or high-growth markets, develop needed technology solutions and features, and work with established industry participants and OEMs to make products incorporating our technologies widely available to consumers. Our principal markets are North America, Europe and Asia.

Our mission is to be a dominant worldwide provider of innovative audio solutions improving the utility of sound for communication and enjoyment. Our main advantages are the ability to focus communication to patrons and to produce a clear, distinct and robust immersive sound experience.

We were incorporated in Nevada on June 2, 2010 as a new, wholly owned subsidiary of LRAD Corporation in order to effect the separation and spin-off of our HSS business. On September 27, 2010, the 100% spin-off was completed and we became a stand-alone, independent, publicly traded company. Our corporate office is located at 1941 Ramrod Avenue, Suite #100, Henderson, Nevada 89014 and our principal production and distribution facility is located at 13125 Danielson Street, #110, Poway, California 92064. Our telephone number is (888) 477-2150 and our website can be accessed at www.parametricsound.com.

Proprietary Technology with Significant Barriers to Entry

Common speaker types in use today, such as dynamic, electrostatic, ribbon and other transducer-based designs, are direct radiating, and are fundamentally a piston action, directly pumping air molecules into motion to create audible sound waves the listener hears. Parametric, or nonlinear acoustics, on the other hand, generate sound along an ultrasonic column using frequencies above the normal range of hearing. This sound beam is highly directional and maintains sonic clarity and intelligibility over longer distances than traditional loudspeakers. We believe beaming stereo content “in-the-air” from just two ultrasonic emitters (the speakers in traditional audio systems) creates a distinct and robust 3D sound image not possible with headphones or costly and complex surround sound systems.

Parametric sound employs ultrasonic frequencies to carry content, such as music and voice, into the air. Proprietary ultrasonic emitters, or transducers, which convert electrical energy to high frequency acoustical energy, produce these ultrasonic frequencies that are beyond the range of hearing. These ultrasonic emitters are used in lieu of loudspeakers to emit a custom-generated ultrasonic wave with the proper difference frequency characteristics to produce audible sound within and throughout a tightly formed beam. Audible sound is not created on the surface of the ultrasonic emitter—a significant departure from a direct radiating loudspeaker. Instead, the audible sound is generated in the air itself and is focused and directed. For example, if the acoustic beam is directed towards a wall, the sound first emanates from the surface of the wall, not from the emitter, as would be with a conventional loudspeaker. Or, if the acoustic beam is directed to a person, the sound is created at the person. This directionality allows sound to be focused or “beamed” in space or diffused from a surface in a variety of ways to produce desired and controllable effects. Also, the sound does not spread or dissipate at the same rate over distance as it does with traditional speakers. This unique feature provides improved intelligibility at selected distant points with less energy than traditional speakers, creating the ability to communicate directed sound at longer distances.

Elwood G. Norris, our President, was the original inventor of our HSS technology in the 1990’s. In 2005 he was awarded the Lemelson-MIT Prize for HSS acoustics innovation. Starting in January 2010, he believed that the technology, then limited to directed audio applications, could be reinvented to dramatically reduce distortion and increase fidelity opening a diverse range of market applications. Recent innovations are intended to position HSS for both commercial and consumer markets.

Traditionally, parametric sound reproduction, while offering high directivity, suffered from lower sound volume and higher distortion than direct radiating speakers. In 2010 and 2011, we made technical progress designed to improve sound volume from a given emitter size and we established a development pathway that we believe will further improve output volume. Our January 2012 introduction of a new generation of electronics combining a new digital signal processor (DSP) and software enhancements dramatically improved sound quality whereupon we believe our distortion is comparable or less than many traditional speakers.

Patents

Our technology is protected by a base of important legacy issued patents obtained through our 2010 spin-off. Additional patents have been filed and we are preparing new applications. We currently own 21 U.S. patents, two foreign patents and five pending patents with certain related patent cooperation treaty (PCT) filings.

While dramatically improving fidelity, we believe that our new technology has increased efficiency of parametric sound reproduction while reducing the cost to be competitive with traditional audio systems. We believe it is very difficult to develop a “knock-off” substitute for our products without being in violation of our intellectual property. We intend to actively defend our patents against infringement.

Trade Secrets

We also rely upon trade secrets, proprietary know-how, and continuing technological innovation to remain competitive. We protect this information with reasonable security measures, including the use of confidentiality and non-disclosure agreements with our employees, customers, and suppliers.

Target Markets

Our initial focus and proof of technology has been on the use of directed sound in the digital signage, point-of-purchase, in-store networks and related markets and applications. We believe our HSS-3000 product line meets the current requirements of these customers. Our technology also addresses other commercial applications

including kiosks, POS terminals and slot machines and we are developing new form factors for our emitters to meet the requirements to serve these customers. Our future development roadmap focuses on new designs to adapt our technology for computers and video gaming. Further research and development is planned to create solutions for televisions, home theater, mobile and cinema applications.

We plan to focus our efforts on proprietary audio solutions targeting the following markets:

Commercial Applications	Consumer Applications
Digital Signage	Personal Computers
Kiosks and Point-of-Sale Terminals	Video Gaming
Electronic Gaming (Slot) Machines	Televisions
Movies and Cinema	Home Theater
	Mobile Devices

Digital Signage

Digital signage is a highly effective and growing form of direct advertising. Our directed audio solutions are designed to deliver sound to targeted patrons, reduces ambient noise clutter, with minimal disruption of commerce. In July 2011, we commenced sales of our HSS-3000 products, and in January 2012, we introduced important upgrades to improve performance that we believe will accelerate sales in this market segment. The market for digital signage worldwide – based on the total revenue to manufacturers (primarily displays, media players, set top boxes, computers, networks and software) – reached \$5 billion at the end of 2010, according to a report from IMS Research with growth to 2013 forecast to be 40% to \$7 billion. We target new customers and new applications for directed audio in this growing market. We also pursue opportunities to add our solution to existing installations to clearly communicate to targeted patrons and reduce ambient noise clutter. Our prospective customers are generally worldwide value added resellers (VARs), original equipment manufacturers (OEMs), integrators and professional audio distributors that install, sell or provide digital signage solutions or products to end-user businesses.

Kiosks and Point-of-Sale Terminals

We believe directed audio enhances interactive kiosks and point-of-sale (POS) terminals by directly and clearly communicating to the user, increasing privacy and reducing the effect of ambient noise. Our audio solution is designed to allow multiple adjacent devices. Interactive kiosks and related computer terminals power applications for communication, commerce, entertainment, and education. According to ABI Research, the number of interactive kiosks deployed globally will rise from 1.6 million in 2011 to nearly 3 million in 2016. Generally our customers are expected to be leading kiosk and POS equipment manufacturers with our audio integrated into devices to differentiate them in the marketplace. We have sold and expect to continue to offer HSS-3000 and future products for aftermarket installation in existing kiosk installations wishing to add directed audio.

Electronic Gaming (Slot) Machines

Electronic gaming or slot machines are becoming increasingly sophisticated computerized entertainment devices. We believe the dramatic increase in themed games and the use of higher quality video displays including 3D displays contribute to a need for directed audio focused on the patron but also on our ability to deliver enhanced audio from just two emitters. Use of our enhanced directed audio offers patrons a distinct sound experience unattainable from traditional audio. According to research by Taylor Nelson Sofres Plc, there were over 4.2 million casino style electronic gaming machines operating globally in 2010 with over 840,000 in North America. According to the Association of Gaming Equipment Manufacturers, the U.S. gaming equipment manufacturing sector produced \$11.5 billion in revenues in 2010. We believe this highly competitive industry with a heavy emphasis on innovation is an attractive market for partnering or licensing of our products and technology to the leading producers of electronic gaming equipment. We believe we can offer leading OEM manufacturers an important method to differentiate their product offerings from competitors to achieve increased market acceptance.

Personal Computers

Our enhanced audio solution complements computers by delivering a more robust sound image and directing and focusing sound to what is typically an individual computer user. Our ultra-thin emitter accompanies flat and thin computer monitors and laptops that are growing rapidly in use worldwide. According to the Computer Industry Almanac, there are over 310 million personal computers in use in the U.S. and over 1.6 billion globally. Sales of personal computers are expected to be over 400 million units globally in 2012. We intend to target computer manufacturers to license our technology to integrate our emitters into computers. We also plan to pursue licensing to aftermarket suppliers of computer speakers.

Video Gaming

We believe the increased sophistication of video gaming including higher resolution images, more realistic and interactive content and the use of 3D displays creates a growing opportunity for our enhanced audio. Our ability to create a 3D sound image from just two thin emitters complements many gaming platforms, whether computers, consoles or in the future portable devices. The world video game market (equipment and software) will be \$68 billion in 2012 according to PricewaterhouseCoopers. Our strategy is to license our technology for suppliers serving this industry which includes computer manufacturers, aftermarket suppliers of computer and game console speakers, and video game and mobile game equipment suppliers both new and aftermarket.

Televisions

Directing sound to television viewers allows for an enhanced audio experience. Since the advent of flat panel display manufacturers have been focused on creating the thinnest form factor often at the expense of sound quality. Currently television audio is often enhanced through aftermarket surround sound speaker systems in which up to 7 speakers are positioned throughout a listening location. This gives the listener a more immersive surround sound experience. We believe we can develop our technology to offer a unique immersive experience superior to surround sound systems from just two front emitters integrated directly into a television set or sold as an aftermarket accessory. We believe that our technology can offer significant value to both segments of this market.

Our emitters' extremely thin form factor can be easily integrated into a similarly flat panel display including 3D displays. Our technology requires no box, creates no back wave and can be mounted right against a wall yet produce full and robust sound. Our strategy is to target the flat panel television market through licensing of our technology for integration into equipment produced by the leading OEM manufacturers as well as aftermarket purveyors of sound equipment. According to IHS iSuppli Research, flat panel TV shipments were over 214 million units in 2010 expected to grow to over 289 million in 2015 with a total value exceeding \$149 billion. Shipments of 3D TVs in this category are expected to grow to 54 million in 2012.

Home Theater

The market for home theater systems complements the flat panel television market but generally consists of larger systems designed to produce a cinema experience in the home. We plan to develop our technology for this application by making larger speakers and enabling existing audio encoding by Dolby and others, including surround sound. Our goal is to offer a robust, distinct enhanced audio experience from just front emitters.

Mobile Devices

There is growing adoption in both mature and emerging markets of new mobile platforms for consumer and business use of digital content, such as tablets and smartphones. These platforms are experiencing strong growth and we believe that our technology's thin form factor and our ability to direct sound to a user has the ability to enhance the audio experience of such mobile platforms. Currently sound from these devices is of poor quality and low volume which requires many users to use headphones to hear the audio. By directing sound to a single listener, the user will be able to have a private experience without the use of headphones as the sound can be directed primarily to the listener. Since tablet devices are larger in size they are an initial target market as the requirements for miniaturization of our technology are less stringent. As we further develop and miniaturize our technology we believe that we have the potential to meet the requirements of the large growing smartphone market.

The market for tablet devices is expected to be 86 million units globally in 2012. Global smartphone shipments in 2010 exceeded 300 million units according to International Data Corporation representing a 74% growth from 2009.

Movies and Cinema

We also plan to scale our technology for larger environments for use in cinemas. There are approximately 40,000 movie screens in the United States according to the National Association of Theater Owners.

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Strategy

Our strategy is to leverage our intellectual property to partner with large OEMs to accelerate our product acceptance into our target market areas. We believe that we will continue to strengthen our market position as the leader in directed audio by continuing to improve our technology, broadening our product line, identify new directed audio applications, acquiring new OEM and VAR partners, expanding relationships with existing partners, and developing worldwide awareness of the benefits of directed audio and awareness of our HyperSound brand.

Marketing Strategy

We are developing a market position for our technology as a method to enhance stereo content to produce a clear, distinct and robust sound image from just two thin emitters. While applicable to many consumer products, we also intend to target the emerging and rapidly growing 3D video market to reproduce 3D sound for computers, video gaming, homes and theaters. We intend to develop awareness of the immersive sound experience produced by HyperSound technology, focus development activities on identified consumer applications, develop new applications for our enhanced sound and create a licensing business for HyperSound technology.

Product Development and Licensing Strategy

Our business strategy is to identify large high-growth markets, develop needed technology solutions and features, and license to established industry partners and OEMs to make products incorporating our technologies widely available to consumers. We intend to develop functional prototypes in each market vertical to demonstrate the viability of our products, and leverage the prototypes to attract key joint development partners. We intend to license our technology and work with planned partners to help develop and commercialize products. Although we may be required to provide certain manufacturing services or arrange manufacturing of components for certain licensees, our main focus is to obtain most of our revenues through licensing. We believe that we can develop a position as a leader in audio by employing the strategy of designing a stream of patented audio products, penetrating new licensing accounts and developing strong brand awareness.

Manufacturing Strategy

We have established in-house production capability for our HSS-3000 product line and believe we have proven initial manufacturability and met the technical requirements for the digital signage market. We also are working to develop contract manufacturing to provide greater capacity for our product sales in commercial markets and as a resource for future licensees, OEMs and VARs who may desire to access capacity for the expanded consumer markets that we are pursuing. We believe that the manufacturing protocols we have established to address the digital signage market will directly translate to the other market verticals that we are pursuing.

Recent Events