

LITHIUM TECHNOLOGY CORP
Form 10QSB
August 19, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Quarterly Period ended June 30, 2005

OR

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

For the transition period from _____ to _____

Commission File Number 1-10446

LITHIUM TECHNOLOGY CORPORATION

(Name of Small Business Issuer in Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

13-3411148
(I.R.S. Employer
Identification No.)

5115 CAMPUS DRIVE, PLYMOUTH MEETING, PENNSYLVANIA 19462

(Address of Principal Executive Offices) (Zip Code)

(610) 940-6090

(Issuer's Telephone Number, Including Area Code)

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 12, 2005, 226,768,660 shares of common stock.

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

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LITHIUM TECHNOLOGY CORPORATION AND SUBSIDIARIES

FORM 10-QSB

FOR THE QUARTER ENDED JUNE 30, 2005

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****LITHIUM TECHNOLOGY CORPORATION AND SUBSIDIARIES****(DEVELOPMENT STAGE COMPANIES)****CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30,	December 31,
	2005	2004
	<u>(Unaudited)</u>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 448,000	\$ 240,000
Accounts receivable	230,000	121,000
Inventories	481,000	141,000
Related party receivable		187,000
Prepaid expenses and other current assets	528,000	725,000
	<u>1,687,000</u>	<u>1,414,000</u>
Total current assets	1,687,000	1,414,000
Property and equipment, net	5,574,000	6,461,000
Intangibles, net	7,994,000	8,416,000
Other assets	464,000	237,000
	<u>15,719,000</u>	<u>16,528,000</u>
Total assets	\$ 15,719,000	\$ 16,528,000
LIABILITIES AND STOCKHOLDERS DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	2,158,000	2,750,000
Accrued salaries	453,000	511,000
Current portion of long term debt	2,092,000	750,000
Payable to related party	500,000	
Other current liabilities and accrued expenses	1,440,000	1,390,000
	<u>6,643,000</u>	<u>5,401,000</u>
Total current liabilities	6,643,000	5,401,000
LONG-TERM LIABILITIES, LESS CURRENT PORTION		
Subordinated loans from related party	6,736,000	5,684,000
Other long-term liabilities, less current portion	8,143,000	9,552,000
Convertible debt securities	6,313,000	1,859,000
	<u>21,192,000</u>	<u>17,095,000</u>
Total long-term liabilities	21,192,000	17,095,000
	<u>27,835,000</u>	<u>22,496,000</u>
Total liabilities	27,835,000	22,496,000
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS DEFICIT		
Preferred stock, par value \$0.01 per share, Authorized 100,000 shares; Issued and outstanding: none		
Preferred stock A, par value \$1.00 per share, authorized, issued and outstanding: none	1,000,000	3,473,000

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Preferred stock B, par value \$1.00 per share, authorized, issued and outstanding: none		1,840,000
12% convertible debentures	812,000	
Common stock, par value \$.01 per share, Authorized 125,000,000 shares; Issued and outstanding: 114,478,704 and 53,923,964 shares	1,145,000	540,000
Additional paid-in capital	56,300,000	50,105,000
Cumulative translation adjustments	(4,864,000)	(5,816,000)
Accumulated deficit	(200,000)	(200,000)
Deficit accumulated during development stage	(66,309,000)	(55,910,000)
	<hr/>	<hr/>
Total stockholders' deficit	(12,116,000)	(5,968,000)
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Total liabilities and stockholders' deficit	\$ 15,719,000	\$ 16,528,000
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See accompanying notes to consolidated financial statements.

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	THREE MONTHS ENDED		SIX MONTHS ENDED		PERIOD FROM FEBRUARY 12, 1999 (INCEPTION OF DEVELOPMENT STAGE) TO JUNE 30 2005
	JUNE 30,		JUNE 30,		
	2005	2004	2005	2004	
REVENUES					
Development contracts and prototype sales	\$ 716,000	\$ 245,000	\$ 857,000	\$ 331,000	\$ 1,974,000
COSTS AND EXPENSES					
Cost of goods sold	431,000		1,157,000		1,157,000
Engineering, research and development	850,000	1,697,000	1,561,000	2,908,000	20,466,000
General and administrative	1,395,000	1,091,000	2,439,000	2,100,000	16,022,000
Sales and marketing	190,000		399,000		399,000
Depreciation and amortization	423,000	533,000	872,000	941,000	10,926,000
Intangibles expensed					3,700,000
Loss (gain) on sale of assets		(4,000)		(4,000)	108,000
	3,289,000	3,317,000	6,428,000	5,945,000	52,778,000
OTHER INCOME (EXPENSE)					
Foreign government subsidies	56,000	193,000	58,000	334,000	2,900,000
Interest expense, net of interest income	(567,000)	(304,000)	(1,293,000)	(981,000)	(8,646,000)
Interest expense related to beneficial conversion	(980,000)	(625,000)	(1,828,000)	(875,000)	(4,213,000)
	(1,491,000)	(736,000)	(3,063,000)	(1,522,000)	(9,959,000)
NET LOSS	\$ (4,064,000)	\$ (3,808,000)	\$ (8,634,000)	\$ (7,136,000)	\$ (60,763,000)
Charge for embedded derivatives, warrants and beneficial conversion, preferred shares	(687,000)		(1,531,000)		(5,186,000)
Dividends on preferred shares	(121,000)		(234,000)		(360,000)
NET LOSS TO COMMON SHAREHOLDERS	(4,872,000)	(3,808,000)	(10,399,000)	(7,136,000)	(66,309,000)
OTHER COMPREHENSIVE INCOME (LOSS)					
Currency translation adjustments	350,000	386,000	952,000	1,169,000	(4,864,000)
COMPREHENSIVE LOSS	\$ (4,522,000)	\$ (3,422,000)	\$ (9,447,000)	\$ (5,967,000)	\$ (71,173,000)
Weighted average number of common shares outstanding:	96,850,216	35,192,973	78,158,646	22,968,618	

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Basic and diluted net loss per share:	\$	(0.04)	\$	(0.11)	\$	(0.13)	\$	(0.31)
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See accompanying notes to consolidated financial statements.

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	<u>Convertible Preferred Stock</u>		<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Cumulative Translation Adjustments</u>	<u>Accumulated Deficit</u>	<u>Deficit Accumulated During Development</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
Balances at December 31, 2004	5,313,000	\$ 5,313,000	53,923,964	\$ 540,000	\$ 50,105,000	\$ (5,816,000)	\$ (200,000)	\$ (55,910,000)
Issuance of convertible debt with embedded beneficial conversion					405,000			
Charge for fair value of warrants								