

LITHIUM TECHNOLOGY CORP
Form 10QSB
May 22, 2006
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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 March 31, 2006

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)

5115 CAMPUS DRIVE, PLYMOUTH MEETING, PENNSYLVANIA 19462

(Address of Principal Executive Offices) (Zip Code)

13-341148
(I.R.S. Employer

Identification No.)

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(610) 940-6090

(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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 May 5, 2006, 387,397,176 shares of common stock.

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

SEC2334(9-05) **Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a current valid OMB control number.**

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LITHIUM TECHNOLOGY CORPORATION AND SUBSIDIARIES

FORM 10-QSB

FOR THE QUARTER ENDED MARCH 31, 2006

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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****(UNAUDITED)**

	March 31, 2006	December 31, 2005 (Unaudited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 164,000	\$ 46,000
Accounts receivable	313,000	241,000
Inventories	885,000	569,000
Prepaid expenses and other current assets	485,000	488,000
Total current assets	1,847,000	1,344,000
Property and equipment, net	5,423,000	5,419,000
Intangibles, net	7,163,000	7,378,000
Other assets	284,000	201,000
Total assets	14,717,000	14,342,000
LIABILITIES AND STOCKHOLDERS DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 2,798,000	\$ 2,699,000
Accrued salaries	179,000	175,000
Accrued interest	636,000	464,000
Current portion of long term debt	2,791,000	3,541,000
Deferred Revenue	1,000,000	
Other current liabilities and accrued expenses	1,263,000	1,186,000
Total current liabilities	8,667,000	8,065,000
LONG-TERM LIABILITIES, LESS CURRENT PORTION		
Subordinated loans from related party	5,391,000	3,387,000
Other long-term liabilities, less current portion	3,416,000	3,084,000
Convertible debt securities	83,000	749,000
Total long-term liabilities	8,890,000	7,220,000
Total liabilities	17,557,000	15,285,000
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS DEFICIT		
Preferred stock, par value \$0.01 per share, Authorized 100,000,000 shares		
Series A Convertible Preferred Stock, par value \$0.01 per share, authorized, issued and outstanding: 1,000 shares	1,000,000	1,000,000

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Series B Convertible Preferred Stock, par value \$0.01 per share, authorized, issued and outstanding:		
100,000 shares	8,822,000	8,822,000
12% convertible debentures	981,000	907,000
Common stock, par value \$.01 per share, Authorized 750,000,000 shares; Issued and outstanding:		
350,230,744 and 266,335,979 shares	3,502,000	2,664,000
Additional paid-in capital	76,297,000	71,534,000
Cumulative translation adjustments	(5,182,000)	(4,001,000)
Accumulated deficit	(200,000)	(200,000)
Deficit accumulated during development stage	(88,060,000)	(81,769,000)
Total stockholders' deficit	(2,840,000)	(943,000)
Total liabilities and stockholders' deficit	\$ 14,717,000	\$ 14,342,000

See accompanying notes to consolidated financial statements.

Table of Contents**LITHIUM TECHNOLOGY CORPORATION AND SUBSIDIARIES****(DEVELOPMENT STAGE COMPANIES)****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****(UNAUDITED)**

	THREE MONTHS ENDED		PERIOD FROM
	MARCH 31,		FEBRUARY 12, 1999
			(INCEPTION OF
			DEVELOPMENT STAGE)
			TO MARCH 31,
	2006	2005	2006
REVENUES			
Development contracts and prototype sales	\$ 525,000	\$ 142,000	\$ 3,588,000
COSTS AND EXPENSES			
Cost of goods sold	464,000		2,872,000
Engineering, research and development	677,000	1,570,000	22,543,000
General and administrative	962,000	1,120,000	19,165,000
Sales and marketing	82,000		561,000
Depreciation and amortization	464,000	450,000	12,361,000
Intangibles expensed			3,700,000
Loss (gain) on sale of assets			108,000
	2,649,000	3,140,000	61,310,000
OTHER INCOME (EXPENSE)			
Foreign government subsidies		1,000	2,842,000
Interest expense, net of interest income	(813,000)	(725,000)	(11,700,000)
Interest expense related to amortization of discount on convertible debt	(2,404,000)	(848,000)	(12,719,000)
	(3,217,000)	(1,572,000)	(21,578,000)
NET LOSS	\$ (5,341,000)	\$ (4,570,000)	\$ (79,443,000)
Charge for embedded derivatives, warrants and beneficial conversion, preferred shares	(74,000)	(845,000)	(8,100,000)
Dividends on preferred shares	(20,000)	(113,000)	(517,000)
NET LOSS TO COMMON SHAREHOLDERS	(5,435,000)	(5,528,000)	(88,060,000)
OTHER COMPREHENSIVE INCOME (LOSS)			
Currency translation adjustments	(1,181,000)	246,000	(5,182,000)
COMPREHENSIVE LOSS	\$ (6,616,000)	\$ (5,282,000)	\$ (93,242,000)
Weighted average number of common shares outstanding:	569,327,514	59,259,391	

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Basic and diluted net loss per share:	\$	(0.01)	\$	(0.09)
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See accompanying notes to consolidated financial statements.

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LITHIUM TECHNOLOGY CORPORATION AND SUBSIDIARIES

(DEVELOPMENT STAGE COMPANIES)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY (DEFICIT)

(UNAUDITED)

	Convertible Preferred Class A Stock		Convertible Preferred Class B Stock		Common Stock		Additional Paid-in Capital	12% Convertible Debentures	Cumulative Transactions Adjustments	Deficit Accumulated Deficit	Deficit During Development	Total Equity
	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Debt	Adjustments	Deficit	Development	Equity
Balances at December 31, 2004	1,000	\$ 1,000,000	100,000	\$ 8,822,000	266,335,979	\$ 2,664,000	\$ 72,490,000	\$ 907,000	\$ (4,001,000)	\$ (200,000)	\$ (82,625,000)	\$ (943,000)
Issuance of common stock					83,894,765	838,000	867,000					1,205,000
Conversion of convertible preferred stock								74,000			(74,000)	
Investment on December 2005							2,640,000					2,640,000
Grants of stock options							300,000					300,000
Conversion of convertible preferred stock											(20,000)	(20,000)
Translation adjustments									(1,181,000)			(1,181,000)
Loss											(5,341,000)	(5,341,000)
Balances at December 31, 2005	1,000	\$ 1,000,000	100,000	\$ 8,822,000	350,230,744	\$ 3,502,000	\$ 76,297,000	\$ 981,000	\$ (5,182,000)	\$ (200,000)	\$ (88,060,000)	\$ (2,840,000)

See accompanying notes to consolidated financial statements.

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LITHIUM TECHNOLOGY CORPORATION AND SUBSIDIARIES
(DEVELOPMENT STAGE COMPANIES)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	THREE MONTHS ENDED		PERIOD FROM
	MARCH 31,		FEBRUARY 12, 1999
			(INCEPTION OF
			DEVELOPMENT
			STAGE) TO
	2006	2005	MARCH 31, 2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss per common shareholder	\$ (5,341,000)	\$ (4,570,000)	\$ (79,443,000)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	464,000	450,000	12,361,000
Warrants issued for services provided			241,000
In-process research and development expensed			3,700,000
Loss on sale of assets			