

LIQUIDMETAL TECHNOLOGIES INC  
Form 10-Q  
August 20, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

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

**For the quarterly period ended March 31, 2010**

**OR**

**o 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. 001-31332**

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**LIQUIDMETAL TECHNOLOGIES, INC.**

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(Exact name of Registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**33-0264467**  
(I.R.S. Employer  
Identification No.)

**30452 Esperanza**

**Rancho Santa Margarita, CA 92688**

(address of principal executive office, zip code)

Registrant's telephone number, including area code: **(949) 635-2100**

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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 at least the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

The number of common shares outstanding as of August 20, 2010 was 84,763,339.



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**LIQUIDMETAL TECHNOLOGIES, INC.  
FORM 10-Q  
FOR THE QUARTER ENDED MARCH 31, 2010**

**FORWARD-LOOKING INFORMATION**

Statements in this report concerning the future sales, expenses, profitability, financial resources, product mix, market demand, product development and other statements in this report concerning the future results of operations, financial condition and business of Liquidmetal Technologies, Inc. are forward-looking statements as defined in the Securities Act of 1933 and Securities Exchange Act of 1934. Investors are cautioned that the Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment, including competition, need for increased acceptance of products, ability to continue to develop and extend our brand identity, ability to anticipate and adapt to a competitive market, ability to effectively manage rapidly expanding operations, amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure, ability to provide superior customer service, dependence upon key personnel and the like. The Company's most recent filings with the Securities and Exchange Commission, including Form 10-K, contain additional information concerning many of these risk factors, and copies of these filings are available from the Company upon request and without charge.

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(in thousands, except share data)

	March 31, 2010 (unaudited)	December 31, 2009
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$	\$ 151
Trade accounts receivables, net of allowance for doubtful accounts of \$1,348 and \$1,314	1,167	1,180
Inventories	981	982
Prepaid expenses and other current assets	641	594
Total current assets	2,789	2,907
Property, plant and equipment, net	5,710	5,668
Other intangibles, net	1,217	1,232
Investment in joint venture		
Other assets	533	633
Total assets	10,249	10,440
<b><u>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	9,853	9,111
Deferred revenue	50	31
Short-term debt	1,282	896
Long-term debt, current portion, net of debt discounts of \$2,608 and \$0	6,124	1,393
Warrant liabilities	2,191	3,975
Conversion feature liabilities	126	444
Other liabilities, current portion	141	141
Total current liabilities	19,767	15,991
Long-term debt, net of current portion and debt discounts of \$85 and \$0	8,670	12,661
Other long-term liabilities, net of current portion	134	155
Total liabilities	28,571	28,807
Shareholders' deficiency:		
Liquidmetal Technologies, Inc. shareholders' deficiency		

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Preferred stock, \$0.001 par value; 10,000,000 shares authorized; 3,183,663 shares issued and outstanding as of both March 31, 2010 and December 31, 2009	4	4
Common stock, \$0.001 par value; 300,000,000 shares authorized; 47,583,102 shares issued and outstanding as of both March 31, 2010 and December 31, 2009	48	48
Additional paid-in capital	142,177	142,135
Accumulated deficit	(162,807)	(162,777)
Accumulated other comprehensive income	1,516	1,441
Total Liquidmetal Technologies, Inc. shareholders' deficiency	(19,062)	(19,149)
Noncontrolling interest	740	782
Total shareholders' deficiency	(18,322)	(18,367)
Total liabilities and shareholders' deficiency	\$ 10,249	\$ 10,440

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents**LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)****(in thousands, except per share data)****(unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Revenue	\$ 2,703	\$ 3,592
Cost of sales	2,156	2,141
Gross profit	547	1,451
Operating expenses		
Selling, general, and administrative	1,312	1,588
Research and development	247	247
Total operating expenses	1,559	1,835
Loss from operations	(1,012)	(384)
Change in value of warrants, gain (loss)	1,785	(126)
Change in value of conversion feature, gain	318	30
Other income	1	
Interest expense	(1,164)	(2,290)
Interest income		
Net loss	(72)	(2,770)
Net loss (income) attributable to noncontrolling interest	42	(31)
Net loss attributable to Liquidmetal Technologies, Inc.	(30)	(2,801)
Other comprehensive income (loss):		
Foreign exchange translation gain (loss)	75	(413)
Comprehensive income (loss)	\$ 45	\$ (3,214)
Net loss per share basic and diluted:		
Net loss attributable to Liquidmetal Technologies, Inc.	\$ (0.00)	\$ (0.06)
Number of weighted average shares - basic and diluted	47,583	44,825

The accompanying notes are an integral part of the condensed consolidated financial statements.





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**LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS DEFICIENCY**

**For the Three Months Ended March 31, 2010**

(in thousands, except per share data)

(unaudited)

	Preferred Shares	Common Shares	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Non- controlling Interest	Total
<b>Balance, December 31, 2009</b>	3,183,663	47,583,102	4	48	142,135	(162,777)	1,441	782	(18,367)
Stock-based compensation					42				42
Foreign exchange translation gain (loss)							75		75
Net (loss)						(30)		(42)	(72)
<b>Balance, March 31, 2010</b>	<b>3,183,663</b>	<b>47,583,102</b>	<b>4</b>	<b>48</b>	<b>142,177</b>	<b>(162,807)</b>	<b>1,516</b>	<b>740</b>	<b>(18,322)</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

Table of Contents**LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands, except per share data)****(unaudited)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Operating activities:</b>		
Net loss attributable to Liquidmetal Technologies, Inc.	\$ (30)	\$ (2,801)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities:		
Gain on disposal of asset	2	
(Loss) income attributable to noncontrolling interest of consolidated subsidiary	(42)	31
Depreciation and amortization	243	232
Loss on extinguishment of debt		
Amortization of debt discount	684	1,364
Stock-based compensation	42	88
Bad debt expense (recovery)	20	(4)
Warranty recovery	(13)	(57)
Gain (loss) from change in value of warrants	(1,785)	126
Gain from change in value of conversion feature	(318)	(30)
Changes in operating assets and liabilities:		
Trade accounts receivable	(8)	369
Inventories	2	(177)