

LIQUIDMETAL TECHNOLOGIES INC

Form 10-Q/A

July 20, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

Amendment No. 2

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

For the quarterly period ended March 31, 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 No. **001-31332**

LIQUIDMETAL TECHNOLOGIES, INC.

(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.)

25800 Commercentre Drive, Suite 100

Lake Forest, California 92630

(address of principal executive office, zip code)

Registrant's telephone number, including area code: **(949) 206-8000**

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 is a large accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of May 10, 2005, there were 41,609,652 shares of the registrant's common stock, \$.001 par value, outstanding.

**LIQUIDMETAL TECHNOLOGIES, INC.
AMENDMENT NO. 2 TO FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2005**

EXPLANATORY NOTE

We are filing this Amendment No. 2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005, as filed with the U.S. Securities and Exchange Commission (SEC) on May 16, 2005, and as amended on March 16, 2006, to restate our financial statements to properly account for the conversion feature of the senior convertible notes issued in March 2004 (see Note 6 to the condensed consolidated financial statements). Additionally, reclassifications to our financial statements have been made for consistent presentation of our warrant liabilities and change in value of warrant liabilities.

Other than the changes referred to above, all other information included in the above described Form 10-Q remains unchanged. This amendment does not reflect events occurring after the filing of such Form 10-Q and does not modify or update the disclosures therein in any way other than as required to reflect the amendment as described above and set forth below.

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.

TABLE OF CONTENTS

PART I

Item 1 Financial Statements

Edgar Filing: LIQUIDMETAL TECHNOLOGIES INC - Form 10-Q/A

Condensed Consolidated Balance Sheets (unaudited)

Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (unaudited)

Condensed Consolidated Statements of Shareholders' Equity (unaudited)

Condensed Consolidated Statements of Cash Flows (unaudited)

Notes to Condensed Consolidated Financial Statements (unaudited)

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

Item 3 Quantitative and Qualitative Disclosures about Market Risk

Item 4 Controls and Procedures

PART II Other Information

Item 1 Legal Proceedings

Item 3 Defaults Upon Senior Securities

Item 6 Exhibits

Signatures

Certifications

PART I

FINANCIAL INFORMATION

Item 1 Financial Statements

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	(Unaudited) March 31, 2005 (Restated)	December 31, 2004 (Restated)
ASSETS		
Current Assets:		
Cash	\$ 341	\$ 742
Restricted cash		754
Trade accounts receivables, net of allowance for doubtful accounts of \$97 and \$108	1,785	1,668
Inventories	2,273	2,353
Prepaid expenses and other current assets	434	930
Total current assets	4,833	6,447
Property, plant and equipment, net	15,941	16,434
Idle equipment	1,948	1,906
Long term inventory	1,692	1,810
Other intangibles, net	1,161	1,143
Other assets	700	768
Total assets	\$ 26,275	\$ 28,508
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 6,557	\$ 4,969
Settlement payable	3,317	3,246
Deferred revenue	880	900
Long-term debt, current portion, net of debt discounts of \$2,407 and \$2,831	4,692	4,010
Warrant liabilities	417	550
Conversion feature liabilities	5,535	6,650
Other liabilities, current portion	932	1,032
Total current liabilities	22,330	21,357
Long-term debt, net of current portion	2,367	2,618
Other long-term liabilities, net of current portion	328	342
Total liabilities	25,025	24,317
Shareholders' Equity:		
Common stock, \$0.001 par value; 100,000,000 shares authorized and 41,609,652 issued and outstanding at March 31, 2005 and December 31, 2004	42	42
Additional paid-in capital	129,650	129,650
Accumulated deficit	(130,734)	(127,472)
Accumulated other comprehensive income	2,292	1,971
Total shareholders' equity	1,250	4,191
Total liabilities and shareholders' equity	\$ 26,275	\$ 28,508

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(LOSS)**

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(in thousands, except per share data)

(unaudited)

	For the Three Months Ended March 31,	
	2005 (Restated)	2004 (Restated)
Revenue	\$ 2,843	\$ 6,288
Cost of sales	2,835	3,557
Gross profit	8	2,731
Operating expenses:		
Selling, general, and administrative	2,590	3,065
Research and development	397	341
Total operating expenses	2,987	3,406
Loss from operations	(2,979)	(675)
Change in value of warrants, gain	133	586
Change in value of conversion feature, gain	1,115	1,710
Interest expense	(1,537)	(396)
Interest income	6	12
(Loss) income from continuing operations	(3,262)	1,237
Loss from discontinued equipment manufacturing operations, net of tax of \$0		(393)
Net (Loss) income	(3,262)	844
Other comprehensive income (loss):		
Foreign exchange translation gain	321	379
Comprehensive (loss) income	\$ (2,941)	\$ 1,223
Net income (loss) per share basic and diluted:		
Income (loss) per share continuing operations	\$ (0.08)	\$ 0.03
(Loss) per share discontinued operations	\$	\$ (0.01)
(Loss) income per share basic and diluted	\$ (0.08)	\$ 0.02
Number of weighted average shares basic and diluted	41,610	41,610

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY

For the Three Months Ended March 31, 2005

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(in thousands, except per share data)

	Common Shares	Common Stock	Additional Paid in Capital (Restated)	Accumulated Deficit (Restated)	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2004						
(As Restated)	41,609,652	\$ 42	\$ 129,650	\$ (127,472)	\$ 1,971	\$ 4,191
Foreign exchange translation gain					321	321
Net loss				(3,262)		(3,262)
Balance, March 31, 2005						
(Unaudited) (As Restated)	41,609,652	\$ 42	\$ 129,650	\$ (130,734)	\$ 2,292	\$ 1,250

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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(in thousands, except per share data)

(unaudited)

	For the Three Months Ended March 31,	
	2005 (Restated)	2004 (Restated)
Operating activities:		
Net (loss) income	\$ (3,262)	\$ 844
Adjustments to reconcile loss from operations to net cash provided by (used for) operating activities:		
Gain on disposal of asset	(1)	
Depreciation and amortization	843	894
Amortization of debt discount	477	259
Gain from change in value of warrants	(133)	(586)
Gain from change in value of conversion feature,	(1,115)	(1,710)
Stock-based compensation		269
Bad debt (recovery) expense	(20)	72
Warranty expense	42	57
Changes in operating assets and liabilities:		
Accounts receivable	(97)	726
Inventories	198	(1,922)
Prepaid expenses and other current assets	496	(59)
Other assets	16	(579)
Accounts payable and accrued expenses	1,546	623