

LIQUIDMETAL TECHNOLOGIES INC
Form 10-Q
August 12, 2014
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2014

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 33-0264467
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

30452 Esperanza

Rancho Santa Margarita, CA 92688

(Address of principal executive offices, zip code)

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

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 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.

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 8, 2014 was 463,962,819.

**LIQUIDMETAL TECHNOLOGIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2014**

FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q of Liquidmetal Technologies, Inc. contains “forward-looking statements” that may state our management’s plans, future events, objectives, current expectations, estimates, forecasts, assumptions or projections about the company and its business. Any statement in this report that is not a statement of historical fact is a forward-looking statement, and in some cases, words such as “believes,” “estimates,” “projects,” “expects,” “intends,” “may,” “anticipates,” “plans,” “seeks,” and similar expressions identify forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual outcomes and results to differ materially from the anticipated outcomes or results. These statements are not guarantees of future performance, and undue reliance should not be placed on these statements. It is important to note that our actual results could differ materially from what is expressed in our forward-looking statements due to the risk factors described in the section of our Annual Report on Form 10-K for the year ended December 31, 2013 entitled “Risk Factors,” as well as the following risks and uncertainties:

- Our ability to fund our operations in the long-term through financing transactions on terms acceptable to us, or at all;
- Our history of operating losses and the uncertainty surrounding our ability to achieve or sustain profitability;
- Our limited history of developing and selling products made from our bulk amorphous alloys;
- Our limited history in licensing our technology to third parties;
- Lengthy customer adoption cycles and unpredictable customer adoption practices;
- Our ability to identify, develop, and commercialize new product applications for our technology;
- Competition from current suppliers of incumbent materials or producers of competing products;
- Our ability to identify, consummate, and/or integrate strategic partnerships;
- The potential for manufacturing problems or delays; and
- Potential difficulties associated with protecting or expanding our intellectual property position.

We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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PART I**FINANCIAL INFORMATION****Item 1 – Financial Statements****LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(in thousands, except par value and share data)**

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)
<u>ASSETS</u>		
Current assets:		
Cash	\$ 13,894	\$2,062
Trade accounts receivable, net of allowance for doubtful accounts	68	215
Prepaid expenses and other current assets	234	412
Total current assets	\$ 14,196	\$2,689
Property and equipment, net	756	249
Patents and trademarks, net	712	764
Other assets	349	401
Total assets	\$ 16,013	\$4,103
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current liabilities:		
Accounts payable	107	361
Accrued liabilities	696	710
Convertible notes, net of debt discount	-	-
Embedded conversion feature liabilities on convertible notes	-	-
Total current liabilities	\$ 803	\$1,071
Long-term liabilities:		
Warrant liabilities	6,792	4,921
Other long-term liabilities	856	856
Total liabilities	\$ 8,451	\$6,848
Stockholders' equity (deficit):	-	-

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Preferred Stock, \$0.001 par value; 10,000,000 shares authorized; 0 shares issued and outstanding at June 30, 2014 and December 31, 2013.		
Common stock, \$0.001 par value; 700,000,000 shares authorized at June 30, 2014 and December 31, 2013; 462,754,819 and 375,707,190 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively	463	376
Warrants	18,179	18,179
Additional paid-in capital	199,473	182,832
Accumulated deficit	(210,503)	(204,090)
Non-controlling interest in subsidiary	(50)	(42)
Total stockholders' equity (deficit)	7,562	(2,745)
Total liabilities and stockholders' equity (deficit)	\$ 16,013	\$4,103

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF OPERATIONS and COMPREHENSIVE LOSS**

(in thousands, except share and per share data)

(unaudited)

	For the Three Months		For the Six Months	
	Ended June 30, 2014	2013	Ended June 30, 2014	2013
Revenue				
Products	\$121	\$150	\$277	\$265
Licensing and royalties	32	-	36	7
Total revenue	153	150	313	272
Cost of sales	75	111	215	193
Gross profit	78	39	98	79
Operating expenses				
Selling, marketing, general and administrative	2,021	1,209	3,872	2,523
Research and development	392	224	726	460
Total operating expenses	2,413	1,433	4,598	2,983
Operating loss	(2,335)	(1,394)	(4,500)	(2,904)
Change in value of warrants, gain (loss)	(145)	286	(1,871)	796
Change in value of embedded conversion feature liabilities, gain	-	1,378	-	3,056
Debt discount amortization expense	(31)	(2,108)	(52)	(6,143)
Interest expense	-	(80)	-	(221)
Interest income	2	1	2	4
Net loss	(2,509)	(1,917)	(6,421)	(5,412)
Net loss attributable to non-controlling interest	5	8	8	8
Net loss and comprehensive loss attributable to Liquidmetal Technologies shareholders	\$(2,504)	\$(1,909)	\$(6,413)	\$(5,404)
Net loss per common share attributable to Liquidmetal Technologies shareholders, basic and diluted	\$(0.01)	\$(0.01)	\$(0.02)	\$(0.02)

Number of weighted average shares - basic and diluted	449,401,890	335,472,213	418,501,883	309,073,707
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The accompanying notes are an integral part of the consolidated financial statements.

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)****For the Six Months Ended June 30, 2014****(in thousands, except share data)****(unaudited)**

	Preferred Shares	Common Shares	Common Stock	Warrants part of Additional Paid-in Capital	Additional Paid-in Capital	Accumulated Deficit	Non Controlling Interest	Total
Balance, December 31, 2013	-	375,707,190	\$ 376	\$ 18,179	\$ 182,832	\$(204,090)	\$ (42)	\$(2,745)
Common stock issuance		85,355,615	85		15,915			16,000
Stock option exercises		1,692,014	2		144			146
Stock-based compensation					426			426
Restricted stock issued to officer					156			156
Net loss						(6,413)		