

LITHIUM TECHNOLOGY CORP

Form 424B3

December 02, 2004

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PROSPECTUS SUPPLEMENT NO. 1
(To Prospectus dated July 9, 2004)

Filed Pursuant to Rule 424(B)(3)
Registration No. 333-114998

LITHIUM TECHNOLOGY CORPORATION

68,709,282 Shares of Common Stock

This prospectus supplement supplements the prospectus dated July 9, 2004, relating to the offer and sale by the selling stockholders identified in the prospectus of up to 68,709,282 shares of common stock of Lithium Technology Corporation.

This prospectus supplement includes our Quarterly Report on Form 10-QSB for the quarter ended September 30, 2004, which was filed with the Securities and Exchange Commission on November 24, 2004.

The information contained in the report included in this prospectus supplement is dated as of the period of such report. This prospectus supplement should be read in conjunction with the prospectus dated July 9, 2004, which is to be delivered with this prospectus supplement. This prospectus supplement is qualified by reference to the prospectus except to the extent that the information in this prospectus supplement updates and supersedes the information contained in the prospectus dated July 9, 2004.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement is December 1, 2004

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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 September 30, 2004

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 November 19, 2004, 40,840,340 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 SEPTEMBER 30, 2004

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	September 30, 2004	December 31, 2003
	<u>(Unaudited)</u>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 63,000	\$ 127,000
Accounts receivable	54,000	16,000
Inventories	83,000	105,000
Related party receivable	143,000	124,000
Prepaid expenses and other current assets	694,000	627,000
	<u>1,037,000</u>	<u>999,000</u>
Total current assets	1,037,000	999,000
Due from related parties	3,323,000	3,203,000
Property and equipment, net	6,018,000	5,635,000
Intangibles, net	8,490,000	9,084,000
Other assets	225,000	20,000
	<u>19,093,000</u>	<u>18,941,000</u>
Total assets	\$ 19,093,000	\$ 18,941,000
LIABILITIES AND STOCKHOLDERS DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	\$ 3,393,000	1,381,000
Accrued salaries	626,000	509,000
Notes payable		63,000
Current portion of long term debt	636,000	659,000
Payable to related party	808,000	1,453,000
Shares issued subject to exchange into convertible notes, net of cost of issue	3,977,000	
Other current liabilities and accrued expenses	1,316,000	440,000
	<u>10,756,000</u>	<u>4,505,000</u>
Total current liabilities	10,756,000	4,505,000
LONG-TERM LIABILITIES, LESS CURRENT PORTION	12,193,000	35,067,000
CONVERTIBLE DEBT SECURITIES	3,064,000	12,609,000
	<u>26,013,000</u>	<u>52,181,000</u>
Total liabilities	26,013,000	52,181,000
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS DEFICIT		
Preferred stock, par value \$.01 per share, Authorized 100,000 shares; Issued and outstanding none and 1000 shares Series A Convertible Preferred Stock		
Common stock, par value \$.01 per share, Authorized 125,000,000 shares; Issued and outstanding 39,840,340 and 4,411,770 shares	398,000	44,000

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Additional paid-in capital	49,553,000	10,678,000
Cumulative translation adjustments	(5,947,000)	(6,383,000)
Accumulated Deficit	(200,000)	(200,000)
Deficit accumulated during development stage	(50,724,000)	(37,379,000)
Total stockholders' deficit	(6,920,000)	(33,240,000)
Total liabilities and stockholders' deficit	\$ 19,093,000	\$ 18,941,000

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)**

	PERIOD FROM FEBRUARY 12, 1999 (INCEPTION OF				
	THREE MONTHS ENDED		NINE MONTHS ENDED		DEVELOPMENT STAGE)
	SEPTEMBER 30,		SEPTEMBER 30,		TO SEPTEMBER 30
	2004	2003	2004	2003	2004
REVENUES					
Development contracts and prototype sales	\$ 93,000	\$ 126,000	\$ 424,000	\$ 285,000	\$ 775,000
COSTS AND EXPENSES					
Engineering, research and development	1,300,000	1,182,000	4,208,000	3,326,000	17,719,000
General and administrative	1,024,000	845,000	3,124,000	2,689,000	12,183,000
Depreciation and amortization	442,000	369,000	1,383,000	1,123,000	9,613,000
Intangibles expensed					3,700,000
Loss (gain) on sale of assets		11,000	(4,000)	(5,000)	46,000
	2,766,000	2,407,000	8,711,000	7,133,000	43,261,000
OTHER INCOME (EXPENSE)					
Foreign government subsidies	95,000	239,000	430,000	645,000	2,837,000
Interest expense, net of interest income	(1,916,000)	(388,000)	(2,898,000)	(1,272,000)	(8,485,000)
Interest expense related to beneficial conversion	367,000		(2,590,000)		(2,590,000)
	(1,454,000)	(149,000)	(5,058,000)	(627,000)	(8,238,000)
NET LOSS	\$ (4,127,000)	\$ (2,430,000)	\$ (13,345,000)	\$ (7,475,000)	\$ (50,724,000)
OTHER COMPREHENSIVE INCOME (LOSS)					
Currency translation adjustments	(733,000)	(337,000)	436,000	(2,579,000)	(5,947,000)
COMPREHENSIVE LOSS	\$ (4,860,000)	\$ (2,767,000)	\$ (12,909,000)	\$ (10,054,000)	\$ (56,671,000)
Weighted average number of common shares outstanding:	39,430,742	9,978,797	28,496,047	9,978,797	
Basic and diluted net loss per share:	\$ (0.10)	\$ (0.24)	\$ (0.47)	\$ (0.75)	



See accompanying notes to consolidated financial statements.

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	Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Cumulative Translations Adjustments	Accumulated Deficit	Deficit Accumulated During Development
	Shares	Amount	Shares	Amount				
Balances at December 31, 2003	1,000	\$	4,411,459	\$ 44,000	\$ 10,678,000	(\$ 6,383,000)	(\$ 200,000)	(\$ 37,379,000)
Common stock issued upon conversion of preferred stock	(1,000)		5,567,027	56,000	(56,000)			
Stock issued upon conversion of convertible notes			29,045,650	291,000	33,546,000			
Issuance of convertible debt with beneficial conversion feature					5,000,000			
Stock issued for services			54,216		105,000			