

PLUG POWER INC
Form 10-Q
August 09, 2007
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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, 2007

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: 0-27527

PLUG POWER INC.

(Exact name of registrant as specified in its charter)

968 ALBANY-SHAKER ROAD, LATHAM, NEW YORK 12110

(Address of registrant's principal executive office)

(518) 782-7700

(Registrant's telephone number, including area code)

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Delaware
(State or other jurisdiction

22-3672377
(I.R.S. Employer

of Incorporation)

Identification Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in 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

The number of shares of common stock, par value of \$.01 per share, outstanding as of August 5, 2007 was 87,578,758

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Table of Contents**Plug Power Inc. and Subsidiaries****(A Development Stage Enterprise)****Condensed Consolidated Balance Sheets****(Unaudited)**

	June 30,	December 31,
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 28,207,387	\$ 26,899,866
Available-for-sale securities	162,622,552	242,223,202
Accounts receivable, less allowance of \$35,670 at June 30, 2007 and December 31, 2006	1,704,576	892,641
Inventory	6,909,008	5,558,710
Government assistance receivable	919,056	
Prepaid expenses and other current assets	3,239,207	3,706,400
Total current assets	203,601,786	279,280,819
Property, plant and equipment, net	21,198,453	18,048,254
Goodwill	46,875,945	10,388,980
Intangible assets, net	17,654,957	
Other assets	187,906	201,859
Total assets	\$ 289,519,047	\$ 307,919,912
Liabilities and Stockholders Equity		
Current liabilities:		
Due to broker for security purchase	\$	\$ 5,000,000
Accounts payable	1,560,134	1,989,983
Accrued expenses	5,264,020	2,596,990
Deferred revenue	3,630,309	2,692,320
Other current liabilities	252,919	
Total current liabilities	10,707,382	12,279,293
Repayable government assistance	4,024,564	
Other liabilities	1,269,776	1,112,427
Total liabilities	16,001,722	13,391,720
Stockholders equity:		
Class B Capital stock, a class of preferred stock, \$0.01 par value per share; 5,000,000 shares authorized; 395,000 shares issued and outstanding at June 30, 2007 and December 31, 2006	3,950	3,950
Common stock, \$0.01 par value per share; 245,000,000 shares authorized; 87,554,057 shares issued and outstanding at June 30, 2007 and 86,794,915 shares issued and outstanding at December 31, 2006	875,543	867,952
Additional paid-in capital	753,969,778	751,118,315
Accumulated other comprehensive income (loss)	3,969,316	(70,480)
Deficit accumulated during the development stage	(485,301,262)	(457,391,545)
Total stockholders equity	273,517,325	294,528,192

Total liabilities and stockholders' equity	\$ 289,519,047	\$ 307,919,912
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The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

Table of Contents**Plug Power Inc. and Subsidiaries****(A Development Stage Enterprise)****Condensed Consolidated Statements of Operations****(Unaudited)**

	Three months ended		Six months ended		Cumulative Amounts from Inception
	2007	June 30, 2006	2007	June 30, 2006	
Revenue					
Product and service revenue	\$ 675,777	\$ 742,850	\$ 1,137,812	\$ 1,599,580	\$ 33,497,737
Research and development contract revenue	3,331,325	2,021,307	5,499,468	3,440,285	67,778,034
Total revenue	4,007,102	2,764,157	6,637,280	5,039,865	101,275,771
Cost of revenue and expenses					
Cost of product and service revenue	4,381,985	1,336,366	6,066,562	2,557,360	40,196,999
Cost of research and development contract revenue	4,723,078	2,350,841	7,376,357	4,887,540	96,165,995
In-process research and development					12,026,640
Research and development expense:					
Noncash stock-based compensation	852,301	716,915	1,728,670	1,380,275	13,354,214
Other research and development	7,934,155	9,319,301	16,356,181	17,640,701	351,132,841
General and administrative expense:					
Noncash stock-based compensation	431,622	571,486	944,183	766,120	18,791,510
Other general and administrative	4,553,559	2,438,249	8,091,555	4,676,483	71,019,110
Amortization of intangible assets	456,250		456,250		456,250
Operating loss	(19,325,848)	(13,969,001)	(34,382,478)	(26,868,614)	(501,867,788)
Interest income and net realized gains/(losses) from the sale of available-for-sale securities	2,643,710	997,441	6,517,333	1,820,046	36,536,983
Interest expense	(106,530)	(53,443)	(106,530)	(102,354)	(1,454,665)
Other income (loss)	61,958		61,958		61,958
Loss before equity in losses of affiliates	(16,726,710)	(13,025,003)	(27,909,717)	(25,150,922)	(466,723,512)
Equity in losses of affiliates					(18,577,750)
Net loss	\$ (16,726,710)	\$ (13,025,003)	\$ (27,909,717)	\$ (25,150,922)	\$ (485,301,262)
Loss per share:					
Basic and diluted	\$ (0.19)	\$ (0.15)	\$ (0.32)	\$ (0.29)	
Weighted average number of common shares outstanding					
	86,656,349	86,020,770	86,552,825	85,974,843	

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

Table of Contents**Plug Power Inc. and Subsidiaries****(A Development Stage Enterprise)****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

	Six months ended		Cumulative Amounts from Inception
	2007	June 30, 2006	
Cash Flows From Operating Activities:			
Net loss	\$ (27,909,717)	\$ (25,150,922)	\$ (485,301,262)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	1,778,896	1,600,189	31,962,447
Equity in losses of affiliates			18,577,750
Amortization of intangible assets	456,250		15,580,751
Noncash prepaid development costs			10,000,000
Amortization of deferred grant revenue			(1,000,000)
Stock-based compensation	2,672,853	2,806,490	31,967,966
Allowance for bad debts			35,670
Loss on disposal of property, plant and equipment			27,493
In-kind services			1,340,000
Interest on repayable government assistance	107,777		107,777
Amortization and write-off of deferred rent			2,000,000
In-process research and development			7,042,640
Changes in assets and liabilities, net of effects of acquired companies:			
Accounts receivable	(665,908)	(65,451)	(1,374,878)
Government assistance receivable	3,409		3,409
Inventory	(45,121)	(64,894)	(5,249,258)
Prepaid expenses and other current assets	(517,286)	301,608	(5,301,854)
Accounts payable, accrued expenses and other liabilities	(2,207,968)	(1,762,739)	1,209,742
Deferred revenue	936,559	787,348	4,628,879
Net cash used in operating activities	(25,390,256)	(21,548,371)	(373,742,728)
Cash Flows From Investing Activities:			
Cash paid for acquisitions, net	(47,228,232)		(17,762,491)
Increase in notes receivable			(1,000,000)
Purchase of property, plant and equipment	(1,178,248)	(520,728)	(35,157,423)
Proceeds from disposal of property, plant and equipment			315,666
Purchase of intangible asset			(9,624,500)
Investment in affiliate			