

LIGHTPATH TECHNOLOGIES INC
Form 10-Q
May 03, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

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 000-27548

LIGHTPATH TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or
organization)

86-0708398
(IRS Employer Identification No.)

<http://www.lightpath.com>

2603 Challenger Tech Ct. Suite 100
Orlando, Florida 32826

(Address of principal executive offices)
(ZIP Code)

(407) 382-4003

(Registrant's telephone number, including area code)

N/A

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(Former name, former address, and former fiscal year, if changed since last report)

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 and 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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or 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 Accelerated filer Non-accelerated Smaller reporting
filer filer filer company

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

9,711,213 shares of common stock, Class A, \$.01 par value, outstanding as of May 2, 2011.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

LIGHTPATH TECHNOLOGIES, INC.
Consolidated Balance Sheets

Assets	(unaudited) March 31, 2011	June 30, 2010
Current assets:		
Cash and cash equivalents	\$954,546	\$1,464,351
Trade accounts receivable, net of allowance of \$8,575 and \$22,930	1,605,111	1,804,063
Inventories, net	1,679,116	1,137,678
Prepaid interest expense	29,380	167,635
Prepaid expenses and other assets	219,220	223,908
Total current assets	4,487,373	4,797,635
Property and equipment, net	2,408,809	2,344,692
Intangible assets, net	109,350	134,001
Debt costs, net	7,964	151,530
Other assets	27,737	27,737
Total assets	\$7,041,233	\$7,455,595
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$933,316	\$511,523
Accrued liabilities	208,066	179,370
Accrued payroll and benefits	383,173	396,863
8% convertible debentures, net of debt discount	14,147	—
Total current liabilities	1,538,702	1,087,756
Deferred rent	492,065	569,286
8% convertible debentures to related parties, net of debt discount	1,016,250	816,397
8% convertible debentures, net of debt discount	71,250	737,468
Total liabilities	3,118,267	3,210,907
Stockholders' equity:		
Preferred stock: Series D, \$.01 par value, voting; 5,000,000 shares authorized; none issued and outstanding	—	—
Common stock: Class A, \$.01 par value, voting; 40,000,000 shares authorized; 9,711,213 and 8,971,638 shares issued and outstanding, respectively	97,112	89,716
Additional paid-in capital	207,549,990	206,277,806
Foreign currency translation adjustment	24,556	23,466
Accumulated deficit	(203,748,692)	(202,146,300)
Total stockholders' equity	3,922,966	4,244,688
Total liabilities and stockholders' equity	\$7,041,233	\$7,455,595

The accompanying notes are an integral part of these consolidated statements.

LIGHTPATH TECHNOLOGIES, INC.
Consolidated Statements of Operations
(Unaudited)

	Three months ended		Nine months ended	
	March 31,		March 31,	
	2011	2010	2011	2010
Product sales, net	\$2,434,056	\$2,660,415	\$7,216,052	\$6,443,848
Cost of sales	1,456,758	1,409,356	4,412,173	3,566,230
Gross margin	977,298	1,251,059	2,803,879	2,877,618
Operating expenses:				
Selling, general and administrative	861,051	816,957	2,929,578	2,322,422
New product development	265,746	222,607	736,838	650,281
Amortization of intangibles	8,217	8,217	24,651	24,651
Gain on sale of property and equipment	(7,211)	—	(7,751)	—
Total costs and expenses	1,127,803	1,047,781	3,683,316	2,997,354
Operating income (loss)	(150,505)	203,278	(879,437)	(119,736)
Other income (expense):				
Interest expense	(32,115)	(54,272)	(148,414)	(152,083)
Interest expense - debt discount	(46,746)	(98,107)	(316,590)	(273,436)
Interest expense - debt costs	(10,699)	(39,082)	(118,193)	(108,930)
Loss on extinguishment of debt	(131,784)	—	(131,784)	—
Other income (expense), net	(3,879)	235	(7,974)	1,540
Total other expense, net	(225,223)	(191,226)	(722,955)	(532,909)
Net income (loss)	\$(375,728)	\$12,052	\$(1,602,392)	\$(652,645)
Income (Loss) per common share (basic)	\$(0.04)	\$0.00	\$(0.17)	\$(0.08)
Number of shares used in per share calculation (basic)	9,715,266	8,232,496	9,474,204	7,901,156
Income (Loss) per common share (diluted)	\$(0.04)	\$0.00	\$(0.17)	\$(0.08)
Number of shares used in per share calculation (diluted)	9,715,266	9,339,878	9,474,204	7,901,156

The accompanying notes are an integral part of these unaudited consolidated statements.

LIGHTPATH TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Nine months ended March 31, 2011
(unaudited)

	Class A Common Stock		Additional Paid-in Capital	Foreign Currency Translation Adjustment	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at June 30, 2010	8,971,638	\$89,716	\$206,277,806	\$23,466	\$(202,146,300)	\$4,244,688
Issuance of common stock for:						
Employee Stock Purchase Plan	7,854	78	12,059	—	—	12,137
Exercise of employee stock options	5,384	54	5,599	—	—	5,653
Conversion of debentures, net of costs	540,592	5,406	820,346	—	—	825,752
Cashless exercise of warrants	56,695	567	(567)	—	—	-
Exercise of warrants	129,050	1,291	230,368	—	—	231,659
Stock based compensation on stock options and restricted stock units	—	—	161,660	—	—	161,660
Premium from debt exchange	—	—	42,719	—	—	42,719
Net loss	—	—	—	—	(1,602,392)	(1,602,392)
Foreign currency translation adjustment	—	—	—	1,090	—	1,090
Comprehensive loss						(1,601,302)
Balance at March 31, 2011						