

LIQUIDMETAL TECHNOLOGIES INC
Form S-1/A
July 03, 2007

As filed with the Securities and Exchange Commission on June 29, 2007

Registration No. 333-142442

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1 to

FORM S-1

REGISTRATION STATEMENT
Under

THE SECURITIES ACT OF 1933

LIQUIDMETAL TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3399
(Primary Standard Industrial Classification Code
Number)

33-0264467
(I.R.S. Employer
Identification No.)

Liquidmetal Technologies, Inc.

30452 Esperanza

Rancho Santa Margarita, California 92688

(949) 635-2100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Larry Buffington

President and Chief Executive Officer

Liquidmetal Technologies, Inc.

30452 Esperanza

Rancho Santa Margarita, California 92688

Phone: (949) 635-2100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:

Curt P. Creely
 Foley & Lardner LLP
 100 North Tampa Street, Suite 2700
 Tampa, Florida 33602
 Phone: (813) 229-2300/Fax: (813) 221-4210

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement, as determined by the selling stockholders.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. X

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. O

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. O

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. O

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to Be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock issuable upon conversion of Convertible Subordinated Notes Due January 2010	7,537,385 shares	\$ 1.10	(1) \$ 8,291,124	\$ []
Common Stock issuable upon exercise of warrants	3,895,208 shares	\$ 1.55	(2) \$ 6,037,572	\$ []
Common Stock issuable upon exercise of warrants	599,547 shares	\$ 2.13	(3) \$ 1,277,035	\$ []
TOTAL	12,032,140 shares		\$ 15,605,731	\$ [] (4)

(1) The price is estimated in accordance with Rule 457(g) under the Securities Act solely for the purpose of calculating the registration fee and is \$1.10, the conversion price of the Convertible Subordinated Notes Due January 2010 as amended.

(2) The price is estimated in accordance with Rule 457(g) under the Securities Act solely for the purpose of calculating the registration fee and is \$1.55, the exercise price of the warrants issued in January 2007 as amended.

(3) The price is estimated in accordance with Rule 457(g) under the Securities Act solely for the purpose of calculating the registration fee and is \$2.13, the exercise price of the shares issuable upon exercise of the warrants issued between May 17, 2006 and December 1, 2006, as adjusted.

(4) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

LIQUIDMETAL TECHNOLOGIES, INC.

12,032,140 Shares

Common Stock

This prospectus covers a total aggregate of up to 12,032,140 shares of our common stock, par value \$0.001 per share, that may be offered from time to time by the selling stockholders identified on pages 27 of this prospectus. The shares being offered by this prospectus consist of:

- up to 7,537,385 shares issuable upon the conversion of our Convertible Subordinated Notes Due January 2010 issued by us in connection with a private placement in January 2007;
- up to 3,895,208 shares issuable upon the exercise of common stock purchase warrants issued by us in our January 2007 private placement; and
- up to 599,547 shares issuable upon the exercise of common stock purchase warrants issued by us between May 17, 2006 and December 1, 2006 in connection with a private placement of non-convertible subordinated notes.

We are registering these shares of our common stock for resale by the selling stockholders named in this prospectus, or their transferees, pledgees, donees or successors. We will not receive any proceeds from the sale of these shares by the selling stockholders. These shares are being registered to permit the selling stockholders to sell shares from time to time in the public market, in amounts, at prices and on terms determined at the time of offering. The selling stockholders may sell this common stock through ordinary brokerage transactions, directly to market makers of our shares or through any other means described in the section entitled "Plan of Distribution" beginning on page 93.

Before purchasing any of the shares covered by this prospectus, carefully read and consider the risk factors in the section entitled "Risk Factors" beginning on page 1.

Our common stock is quoted on the OTC Bulletin Board under the symbol LQMT.OB. On June 28, 2007, the last reported sales price of our common stock was \$0.86 per share.

Our principal executive offices are located at 30452 Esperanza, Rancho Santa Margarita, California 92688, and our telephone number at that address is (949) 635-2100.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the sale of this common stock or determined that the information in this prospectus is accurate and complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2007.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

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This prospectus is a part of the registration statement that we filed with the Securities and Exchange Commission. The selling stockholders named in this prospectus may from time to time sell the securities described in this prospectus.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. The common stock is not being offered in any jurisdiction where the offer is not

permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the common stock.

We have registered the following trademark, which is used in this prospectus: Liquidmetal. In this prospectus, we use the terms company, we, us and our to refer to Liquidmetal Technologies, Inc. In this prospectus Liquidmetal or Liquidmetal Technologies refer to Liquidmetal Technologies, Inc.

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PROSPECTUS SUMMARY

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This summary highlights information contained elsewhere in this prospectus. Because this is a summary, it is not complete and does not contain all of the information that may be important to you. For a more complete understanding of us and this offering of our common stock, we encourage you to read this prospectus in its entirety, especially the risks of investing in our common stock discussed under Risk Factors and our consolidated financial statements, including the notes thereto, appearing elsewhere in this prospectus.

Liquidmetal Technologies, Inc.

We are a materials technology company that develops and commercializes products made from amorphous alloys. Our Liquidmetal® family of alloys consists of a variety of proprietary coatings, powders, bulk alloys, and composites that utilize the advantages offered by amorphous alloy technology. We develop, manufacture, and sell products and components from bulk amorphous alloys to customers in various industries, and we also partner with third-party licensees to develop and commercialize bulk Liquidmetal alloy products. We believe that our proprietary bulk alloys are the only commercially viable bulk amorphous alloys currently available in the marketplace. In addition to our bulk alloys, we market and sell a line of proprietary amorphous alloy-based industrial coatings under the Liquidmetal® Armacor™ coatings brand.

Amorphous alloys are unique materials that are distinguished by their ability to retain a random atomic structure when they solidify, in contrast to the crystalline atomic structure that forms in other metals and alloys when they solidify. Liquidmetal alloys possess a combination of performance, processing, and potential cost advantages that we believe can make them preferable to other materials in a variety of applications. The amorphous atomic structure of our alloys enables them to overcome certain performance limitations caused by inherent weaknesses in crystalline atomic structures, thus facilitating performance and processing characteristics superior in many ways to those of their crystalline counterparts. For example, our zirconium-titanium Liquidmetal alloys are approximately 250% stronger than commonly used titanium alloys such as Ti-6Al-4V, but they also have some of the beneficial processing characteristics more commonly associated with plastics. We believe these advantages could result in Liquidmetal alloys supplanting high-performance alloys, such as titanium and stainless steel, and other incumbent materials in a wide variety of applications. Moreover, we believe these advantages could enable the introduction of entirely new products and applications that are not possible or commercially viable with other materials.

Our Strategy

Our goal is to develop and commercialize a wide variety of products made from Liquidmetal alloys. The key elements of our strategy include:

- Identifying and developing new applications for our Liquidmetal alloy technology;
- Focusing our marketing and internal manufacturing activities on select products with expected higher gross margins;
- Further developing our manufacturing processes, capabilities, and efficiencies for bulk Liquidmetal alloys;
- Pursuing strategic partnerships in order to more rapidly develop and commercialize products; and
- Advancing and further developing the Liquidmetal® brand to increase awareness of our company and technology.

Applications for Liquidmetal Alloys

We are focusing our commercialization efforts for Liquidmetal alloys on five identified product areas. We believe that these areas are consistent with our strategy in terms of market size, building brand recognition, and providing an opportunity to develop and refine our processing capabilities. Although we believe that strategic partnering transactions could create valuable opportunities beyond the parameters of these target markets, we anticipate continuing to pursue these markets both internally and in conjunction with partners.

- *Components for electronic products.* We produce components for electronic devices using our bulk Liquidmetal alloys and believe that our alloys offer enhanced performance and design benefits for these components in certain applications. Specifically, we currently produce internal hinge housings for certain Samsung cellular phone models and casings for certain SanDisk flash memory drives.

- *Sporting goods and leisure products.* We are developing a variety of applications for Liquidmetal alloys in the sporting goods and leisure products area. In 2003, Rawlings Sporting Goods Company launched a new line of baseball and softball bats that utilize a Liquidmetal alloy coating, and HEAD NV Sport launched a new line of HEAD® Liquidmetal® tennis racquets that incorporates Liquidmetal alloy in composite form in their racquet design. In 2005, we also launched goods that utilize Liquidmetal alloy including skis. Other potential applications for our alloys in this industry include golf clubs, eyewear, fishing, hunting, and other sport products.
- *Medical devices.* We are engaged in product development efforts relating to various medical devices that could be made from Liquidmetal alloys. We believe that the unique properties of bulk Liquidmetal alloys provide a combination of performance and cost benefits that could make them a desirable replacement to incumbent materials, such as stainless steel and titanium, currently used in various medical device applications.
- *Industrial coatings and powders.* We continue to market and sell amorphous alloy industrial coatings and powders under the Liquidmetal® Armacor™ coatings brand name. Liquidmetal alloy coatings are used primarily as a protective coating for industrial machinery and equipment.
- *Defense applications.* We are working with the U.S. Department of Defense, as well as a variety of defense-related research and development agencies and large defense contractors, to develop various defense-related applications for Liquidmetal alloys. For example, we are currently developing prototype kinetic energy penetrator rods for use in armor-piercing ammunition systems.

Risk Factors / Going Concern

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We are subject to a number of risks that you should be aware of before you decide to buy our common stock. These risks are discussed more fully in the RISK FACTORS section of this prospectus.

We have experienced significant operating losses since our inception. Our net loss for the fiscal years ended December 31, 2006 and 2005 was \$14.5 million and \$7.1 million, respectively. For the three months ended March 31, 2007 and 2006, we had a net income of \$0.5 million and a net loss of \$6.0 million, respectively. In the audit report on our financial statements for our fiscal years ended December 31, 2006 and 2005, our present auditors included a going-concern qualification indicating that our significant operating losses and working capital deficit cause substantial doubt about our ability to continue as a going concern. By issuing an opinion stating that there is substantial doubt about our ability to continue as a going concern, our auditors have indicated that they are uncertain as to whether we have the capability to continue our operations without additional funding. On January 3, 2007, we completed a private placement of \$16.3 million in principal amount of 8% Convertible Subordinated Notes due January 2010 (the January 2010 Notes). The January 2010 Notes were issued for aggregate cash in the amount of \$12.9 million and in payment of a total of \$3.4 million in principal and accrued but unpaid interest under our previously issued 7% Senior Secured Convertible Notes due August 2007 and our 8% Unsecured Subordinated Notes.

We anticipate that the \$12.9 million aggregate cash raised in the private placement will be sufficient to pursue our current operating plan only through the third quarter of 2007, and we will therefore require additional funding at or prior to that time. As a result, we are actively seeking additional sources of capital. The amount of funding that we seek and the timing of such fundraising efforts will depend on the extent to which we are able to increase revenues through obtaining additional purchase orders for our products and/or the extent to which we can restructure or modify our debt. Because we cannot be certain that we will be able to obtain adequate funding from debt, equity, or other traditional financing sources, we are also actively exploring several strategic financing options, including the possible sale of our manufacturing plant in South Korea (which would then be replaced with a smaller facility), potential licensing and outsourcing of manufacturing operations including those in South Korea and China, and the possible sale of all or a part of our Liquidmetal Coatings business or our interest in such business. In June 2007, we entered into an equipment sale and licensing agreement with Grace Metal, a South Korean corporation, providing for \$2.0 million in exchange for die casting machines and vacuum induction melters, and a 10-year exclusive license to manufacture Liquidmetal alloys for customers whose principal headquarters or major operations are based in South Korea. The principal purpose of the transactions with Grace Metal was to raise capital for the next-generation casting equipment and to shift the cost and burden of our manufacturing operations to a third party. Grace Metal was formed by an investor group that includes the former Founder and director of our company, James Kang, who is also the brother of John Kang, Chairman of the Board of our company. We cannot guarantee that adequate funds will be available when needed, and if we do not receive sufficient capital, we may be required to alter or reduce the scope of our operations.

Corporate Information

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We were originally incorporated in California in 1987, and we reincorporated in Delaware in May 2003. Our principal executive offices are located at 30452 Esperanza, Rancho Santa Margarita, California 92688. Our telephone number at that address is (949) 635-2100. Our Internet website address is www.liquidmetal.com, and all of our filings with the Securities and Exchange Commission are available free of charge on our website. Any information that is included on or linked to our Internet site is not a part of this prospectus.

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The Offering

Common stock offered	<p>Up to 12,032,140 shares are being offered by the selling stockholders. Of these shares:</p> <ul style="list-style-type: none"> • up to 7,537,385 shares are issuable upon the conversion of our Convertible Subordinated Notes Due January 2010 (the January 2010 Notes), which notes were issued by us to various selling stockholders in a private placement on January 3, 2007; • up to 3,895,208 shares are issuable to various selling stockholders upon the exercise of outstanding common stock purchase warrants issued by us in our January 2007 private placement and have an amended exercise price of \$1.55 per share; and • up to 599,547 shares are issuable to various selling stockholders upon the exercise of outstanding common stock purchase warrants issued by us on May 17, 2006, September 20, 2006, and December 1, 2006 in connection with a private placement of non-convertible subordinated notes and have an adjusted exercise price of \$2.13 per share.
Shares outstanding after the offering	56,663,908 shares
Use of proceeds	We will not receive any proceeds from the sale of the shares offered by the selling stockholders. Any proceeds we receive from the selling stockholders upon their exercise of the warrants or option to purchase the shares included in the shares that are being offered by them hereunder will be used for general working capital.
Risk factors	See RISK FACTORS and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in the shares.
OTC Bulletin Board symbol	LQMT.OB

The number of shares of common stock that will be outstanding immediately after this offering is based on 44,631,768 shares outstanding as of June 1, 2007 and assumes the full conversion of the convertible promissory notes and the full exercise of the warrants identified above. There is no guarantee that all or any of such notes or warrants will be converted or exercised. The number of shares of common stock to be outstanding after this offering does not include 7,028,414 shares issuable pursuant to common stock options outstanding as of June 1, 2007 under our equity incentive plans, of which options to purchase 5,873,151 shares were exercisable as of such date at a weighted-average exercise price of \$5.15 per share, and 8,683,173 additional shares of common stock reserved for future grants under our equity compensation plans. The number of shares of common stock to be outstanding after this offering also does not include the shares underlying our 6% Senior Secured Notes Due July 29, 2007 (the July 2007 Notes), our 7% Senior Secured Convertible Notes Due August 2, 2007 (the August 2007 Notes), and the warrants issued in connection with such notes. As of June 1, 2007, an aggregate of 10,632,606 shares of our common stock were issuable pursuant to the conversion or exercise of such notes and warrants.

The convertible notes identified above are convertible into such number of shares of our common stock as is determined by dividing the outstanding principal balance of such notes by the conversion price of the notes. As of June 1, 2007, approximately \$2.1 million in aggregate principal amount of July 2007 Notes were outstanding at a conversion price of \$1.00 per share, approximately \$7.2 million in aggregate principal amount of August 2007 Notes were outstanding at an adjusted conversion price of \$1.75 per share, and approximately \$16.3 million in aggregate principal amount of January 2010 Notes were outstanding at a conversion price of \$1.10. The warrants identified above are exercisable at the price per share indicated above. However, the above-described notes and warrants contain anti-dilution provisions that may result in a reduction of these conversion and exercise prices if we issue shares in the future for consideration below the existing conversion or exercise prices. Such anti-dilution provisions may cause a decrease in the voting power and value of your investment in our shares. See

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DESCRIPTION OF CAPITAL STOCK Anti-Dilution Provisions in Notes and Warrants.

In this prospectus, unless otherwise stated or the context otherwise requires, references to Liquidmetal, we, us, our, our company, the Com and similar references refer to Liquidmetal Technologies, Inc. and its subsidiaries.

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Summary Consolidated Financial Data

The following summary consolidated financial data as of and for our years ended December 31, 2006, 2005, 2004, 2003 and 2002 have been derived from our audited consolidated financial statements, and the summary consolidated financial data as of and for the three months ended March 31, 2006, and 2005 have been derived from our unaudited consolidated financial statements included elsewhere in this prospectus. Such unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (generally accepted accounting principles). Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for any future periods or the year ending December 31, 2007. In the opinion of management, all adjustments (consisting of only of normal recurring accruals) considered necessary for a fair presentation have been included. The following information should be read together with MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS and our Consolidated Financial Statements and Notes thereto included elsewhere in this prospectus. The historical results presented below are not necessarily indicative of future results. The summary consolidated financial data should be read in conjunction with notes to the fiscal year 2006 consolidated financial statements included in this prospectus and in the fiscal 2003 annual report on Form 10-K filed on November 10, 2004, which reflects the restatements of prior year transactions.

	Three Months Ended		Years Ended December 31,		2004	2003	2002
	2007	2006	2006	2005	(Restated)		(Restated)
	(Unaudited)	(Restated)		(Restated)			
	(In thousands, except per share data)						
Consolidated Statements							
Of Operation Data:							
Revenue	\$ 5,067	\$ 6,555	\$ 27,669	\$ 16,365	\$ 17,429	\$ 13,658	\$ 9,138
Cost of sales	6,441	5,324	22,418	15,129	12,168	18,162	5,656
Gross (loss) profit	(1,374)	1,231	5,251	1,236	5,261	(4,504)	3,482
Operating expenses:							
Selling, general, and administrative expenses	2,532	2,705	9,962	8,534	11,591	17,729	13,099
Research and development expenses	263	203	950	1,120	1,467	8,780	11,825
Impairment of Goodwill						184	
Impairment of long lived assets				4,487		2,684	
Total operating expenses	2,795	2,908	10,912	14,141	13,058	29,377	24,924
Loss before interest, other income, income taxes, minority interest and discontinued operations	(4,169)	(1,677)	(5,661)	(12,905)	(7,797)	(33,881)	(21,442)
Loss from extinguishments of debt	(648)			(1,247)	(2,941)		
Change in value of warrants, gain (loss)	3,692	(1,289)	279	3,985	747		
Change in value of conversion feature, gain (loss)	4,344	(1,783)	(226)	9,118	2,093		
Other income		480	572		302		
Interest expense	(2,763)	(1,782)	(9,509)	(6,021)	(6,577)	(390)	(1,109)
Interest income	61	2	23	17	37	304	506
Gain on sale of marketable securities held for sale						1,178	832
Income (loss) before minority interest and discontinued operations	517	(6,049)	(14,522)	(7,053)	(14,136)	(32,789)	(21,213)
Minority interest in loss of consolidated subsidiary						21	118
Income loss from continuing operations	517	(6,049)	(14,522)	(7,053)	(14,136)	(32,768)	(21,095)
Discontinued Operations:							
(Loss) gain income from discontinued operations, net					(749)	(964)	83

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Gain from disposal of discontinued operations, net						127	1,556
Net income (loss)	\$ 517	\$ (6,049)	\$ (14,522)	\$ (7,053)	\$ (14,885)	\$ (33,605)	\$ (19,456)
Income (loss) per share from continuing operations	\$ 0.01	\$ (0.14)	\$ (0.33)	\$ (0.17)	\$ (0.34)	\$ (0.79)	\$ (0.54)
(Loss) gain per share from discontinued operations	\$	\$	\$	\$	\$ (0.02)	\$ (0.02)	\$ 0.04
Net income (loss) per share	\$ 0.01	\$ (0.14)	\$ (0.33)	\$ (0.17)	\$ (0.36)	\$ (0.81)	\$ (0.50)
Weighted average shares - basic and diluted	44,925	42,817	43,809	41,833	41,610	41,505	38,714

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As of March 31, 2007	As of December 31, 2006	2005	2004
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