

APPLIED ENERGETICS, INC.
Form 10-Q
November 09, 2009

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 September 30, 2009

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 001-14015

APPLIED ENERGETICS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

77-0262908
(IRS Employer Identification Number)

3590 East Columbia Street
Tucson, Arizona
(Address of Principal Executive Offices)

85714
(Zip Code)

Registrant's telephone number, including area code (520) 628-7415

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. (Check one):

Large accelerated filer: Accelerated filer: Non-accelerated filer: Smaller reporting company:

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(Do not check if a 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
o No x

Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. As of November 5, 2009, there were 88,819,359 shares of the issuer's common stock, par value \$.001 per share, outstanding.

APPLIED ENERGETICS, INC.
 QUARTERLY REPORT ON FORM 10-Q
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PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
APPLIED ENERGETICS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

September 30, 2009 December 31, 2008
(Unaudited)

| ASSETS | | | |
|---|-----------|-------------------|----------------------|
| Current assets | | | |
| Cash and cash equivalents | \$ | 11,813,738 | \$ 15,467,386 |
| Accounts receivable | | 1,306,652 | 2,727,853 |
| Inventory | | 277,576 | 157,189 |
| Prepaid expenses and deposits | | 129,440 | 495,718 |
| Other receivables | | 261,849 | 17,183 |
| Total current assets | | 13,789,255 | 18,865,329 |
| Long term receivables | | - | 253,130 |
| Property and equipment - net | | 2,964,225 | 3,523,641 |
| Intangible assets - net | | - | 36,900 |
| Other assets | | 10,000 | 29,089 |
| TOTAL ASSETS | \$ | 16,763,480 | \$ 22,708,089 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | | |
| Current liabilities | | | |
| Accounts payable | \$ | 324,955 | \$ 883,228 |
| Estimated loss on uncompleted contract | | - | 98,239 |
| Accrued expenses | | 234,387 | 326,697 |
| Accrued compensation | | 1,081,642 | 1,048,774 |
| Customer deposits | | 143,160 | 11,565 |
| Billings in excess of costs | | 20,426 | - |
| Current portion of capital lease obligations | | - | 2,028 |
| Total current liabilities | | 1,804,570 | 2,370,531 |
| Litigation settlement payable in common stock | | 1,200,000 | - |
| Deferred rent | | - | 4,049 |
| Total liabilities | | 3,004,570 | 2,374,580 |
| Commitments and contingencies | | | |
| Stockholders' equity | | | |
| Series A Convertible Preferred Stock, \$.001 par value, 2,000,000 shares authorized; 135,572 shares issued and outstanding at September 30, 2009 and at December 31, 2008 | | 136 | 136 |
| Common stock, \$.001 par value, 125,000,000 shares authorized; 86,535,999 shares issued and outstanding at September 30, 2009 and 86,370,026 shares issued and outstanding at December 31, 2008 | | 86,536 | 86,370 |
| Additional paid-in capital | | 75,329,623 | 73,936,085 |
| Accumulated deficit | | (61,657,385) | (53,689,082) |
| Total stockholders' equity | | 13,758,910 | 20,333,509 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ | 16,763,480 | \$ 22,708,089 |

See accompanying notes to condensed consolidated financial statements (unaudited)

APPLIED ENERGETICS, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)

| | For the three months ended September 30, | |
|----------------------------|--|--------------|
| | 2009 | 2008 |
| Revenue | \$ 1,877,865 | \$ 4,014,302 |
| Cost of revenue | 1,777,840 | 3,789,962 |
| Gross profit | 100,025 | 224,340 |
| Operating expenses: | | |
| General and administrative | 1,083,249 | 1,647,366 |
| Settlement expenses | 265,197 | - |