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LITHIUM TECHNOLOGY CORP

Form 8-K/A

April 15, 2003

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT

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

Date of report (Date of earliest event reported): October 4, 2002

LITHIUM TECHNOLOGY CORPORATION
(Exact Name of Registrant as Specified in Charter)

| | | |
|---|-----------------------------|--------------------------------------|
| Delaware | 1-10446 | 13-3411148 |
| ----- | ----- | ----- |
| (State or Other Jurisdiction of Incorporation or Organization) | (Commission File Number) | (IRS Employer Identification No.) |
| 5115 Campus Drive, Plymouth Meeting, PA | | 19462 |
| ----- | | ----- |
| (Address of Principal Executive Offices) | | (Zip Code) |

Registrant's telephone number, including area code: (610) 940-6090

(Former Name or Former Address, if Changed Since Last Report)

Item 7. Financial Statement Pro Forma Information and Exhibits.

Item 7 (b) is hereby amended in its entirety.

(b) Proforma Financial Information F-15

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934,
the registrant has duly caused this report to be signed on its behalf by the
undersigned thereunto duly authorized.

Date: April 14, 2003

LITHIUM TECHNOLOGY CORPORATION
(Registrant)

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By: /s/ David J. Cade

David J. Cade
Chairman and Chief Executive Officer

By: /s/ Ralf Tolksdorf

Ralf Tolksdorf
Chief Financial Officer

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The following Unaudited Pro Forma Combined Condensed Financial Statements of Lithium Technology Corporation (LTC) and GAIA Holding B. V. (GAIA Holding), a private limited liability company incorporated under the laws of the Netherlands, give effect to the share exchange between LTC and GAIA Holding under the purchase method of accounting prescribed by SFAS 141, Business Combinations. These pro forma statements are presented for illustrative purposes only. The pro forma adjustments are based upon available information and assumptions that management believes are reasonable. The Unaudited Pro Forma Combined Condensed Financial Statements do not purport to represent what the results of operations or financial position of LTC would actually have been if the share exchange had in fact occurred on January 1, 2001, nor do they purport to project the results of operations or financial position of LTC for any future period or as of any date, respectively. Under the purchase method of accounting, tangible and identifiable intangible assets acquired and liabilities assumed are recorded at their estimated fair values. The estimated fair values and useful lives of assets acquired and liabilities assumed are based on a management's estimates and are subject to formal valuation adjustments.

These Unaudited Pro Forma Combined Condensed Financial Statements do not give effect to any restructuring costs or to any potential cost savings or other operating efficiencies that could result from the share exchange between LTC and GAIA Holding. The consolidated financial statements of LTC for the year ended December 31, 2001, are derived from audited consolidated financial statements and are included in Form 10-KSB filed by LTC on March 28, 2002, with the Securities and Exchange Commission. The consolidated financial statements of LTC for the nine months ended September 30, 2002, are derived from unaudited financial statements and are included in Form 10-QSB filed by LTC on November 14, 2002, with the Securities and Exchange Commission. The historical consolidated financial statements of GAIA Holding for the year ended December 31, 2001 and the nine months ended September 30, 2002, are derived from certain audited and unaudited financial statements contained in the first amended Current Report on Form 8K.

You should read the financial information in this section along with LTC's and GAIA Holding's historical consolidated financial statements and accompanying notes in prior Securities and Exchange Commission filings.

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Unaudited Pro Forma Combined Condensed Balance Sheet
 With GAIA Holding B.V.
 September 30, 2002

| | Lithium Technology Corporation ----- | GAIA Holding B.V. (G) ----- | Promissory Note Conversion Adjustment (A) ----- |
|--|---|--------------------------------------|--|
| ASSETS | | | |
| Cash and cash equivalents | \$ 20,000 | \$ 77,000 | |
| Inventories | -- | 55,000 | |
| Prepaid insurance and deferred charges | 137,000 | 445,000 | |
| Total current assets | 157,000 | 577,000 | |
| Due from related parties | -- | 2,407,000 | |
| Property and equipment, less accumulated depreciation | 258,000 | 4,292,000 | |
| Other assets | 21,000 | 143,000 | |
| Goodwill | | | |
| Intangibles, less accumulated amortization | | | |
| | \$ 436,000 | \$ 7,419,000 | \$ - |

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Lithium Technology Corporation
 Unaudited Pro Forma Combined Condensed Balance Sheet
 With GAIA Holdings B.V.
 September 30, 2002

LIABILITIES AND STOCKHOLDER'S
 EQUITY (DEFICIENCY)

| | | | |
|--|------------|------------|----------------|
| Accounts payable | \$ 475,000 | \$ 668,000 | |
| Accrued salaries | 201,000 | | |
| Notes payable | 65,000 | | |
| Convertible promissory notes | 1,915,000 | | \$ (1,915,000) |
| Non-convertible promissory notes | 500,000 | | |
| Other current liabilities and accrued expenses | | 468,000 | |
| Total current liabilities | 3,156,000 | 1,136,000 | (1,915,000) |

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| | | |
|--|-----------|------------|
| LONG-TERM LIABILITIES | | |
| Convertible promissory notes | 3,949,000 | |
| Loans from financial institutions | | 1,617,000 |
| Subordinated loan from related party | | 20,039,000 |
| Silent partnership loans-related party | | 2,407,000 |
| Silent partner loans | | 1,947,000 |
| | | |
| Total long term liabilities | 3,949,000 | 26,010,000 |

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Lithium Technology Corporation
 Unaudited Pro Forma Combined Condensed Balance Sheet
 With GAIA Holding B.V.
 September 30, 2002

| | | | |
|--|--------------|--------------|-----------|
| STOCKHOLDER'S EQUITY (DEFICIENCY) | | | |
| Preferred stock | | | |
| Common stock | 643,000 | 99,000 | 239,000 |
| | | | |
| Additional paid-in capital | 70,358,000 | 1,557,000 | 1,676,000 |
| | | | |
| Cumulative translation adjustments | | 1,000 | |
| Accumulated deficit | (6,865,000) | (175,000) | |
| | | | |
| Deficit accumulated during development stage | (70,805,000) | (21,209,000) | |
| | | | |
| Total stockholder's equity (deficiency) | (6,669,000) | (19,727,000) | 1,915,000 |
| | | | |
| Total liabilities and stockholder's equity (deficiency) | \$ 436,000 | \$ 7,419,000 | \$ - |

See accompanying notes.

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Lithium Technology Corporation
 Unaudited Pro Forma Combined Condensed Statement of Operations

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With GAIA Holdings B.V.
For the Nine Months Ended September 30, 2002

| | Lithium Technology Corporation | GAIA Holding B. V. (G) | Promissory Note Conversion Adjustment (A) |
|--|--------------------------------------|------------------------------|---|
| REVENUES: | | | |
| Development contracts and research grants | \$ 83,000 | \$ 567,000 | |
| COSTS AND EXPENSES: | | | |
| Engineering, research and development | 1,314,000 | 1,719,000 | |
| General and administrative | 1,183,000 | 785,000 | |
| Stock based compensation expense | 2,755,000 | 295,000 | |
| Amortization of intangibles | | | |
| | 5,252,000 | 2,799,000 | |
| OTHER INCOME (EXPENSE): | | | |
| Interest expense, net of interest income | (6,000) | (800,000) | |
| Interest expense related to beneficial conversion feature | (18,714,000) | | |
| Gain on insurance recovery | 30,000 | | |
| | (18,690,000) | (800,000) | |
| NET LOSS | \$ (23,859,000) | \$ (3,032,000) | |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | | | |
| | 63,922,355 | | 23,932,087 (F) |
| BASIC AND DILUTED NET LOSS PER SHARE | \$ (0.37) | | |

See accompanying notes.

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Lithium Technology Corporation
Unaudited Pro Forma Combined Condensed Statement of Operations
With GAIA Holdings B. V.
For the Year Ended December 31, 2001

| | Lithium Technology Corporation | GAIA Holding B. V. (G) | Promissory Note Conversion Adjustment (A) |
|---|--------------------------------------|------------------------------|---|
| REVENUES: | | | |
| Development contracts and research grants | \$ 22,000 | \$ 410,000 | |
| COSTS AND EXPENSES: | | | |
| Engineering, research and development | 1,060,000 | 2,149,000 | |

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| | | |
|---|----------------|----------------|
| General and administrative | 954,000 | 1,075,000 |
| Stock based compensation expense | 469,000 | 326,000 |
| Intangibles expensed | | |
| Amortization of intangibles | 2,483,000 | 3,550,000 |
| | | |
| OTHER INCOME (EXPENSE): | | |
| Interest expense, net of interest income | (7,000) | (1,058,000) |
| Interest expense related to beneficial conversion feature | (80,000) | |
| Gain on sale of subsidiary | | 149,000 |
| | (87,000) | (909,000) |
| | | |
| NET LOSS | \$ (2,548,000) | \$ (4,049,000) |
| | | |
| WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING | 51,303,305 | 23,932,087 (F) |
| | | |
| BASIC AND DILUTED NET LOSS PER SHARE | \$ (0.05) | |

See accompanying notes

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NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

On October 4, 2002, LTC closed the Share Exchange pursuant to which LTC acquired 60% of the outstanding shares of GAIA Holding. On December 13, 2002, LTC acquired the remaining 40% of the outstanding shares of GAIA Holding in accordance with a Share Exchange Agreement dated November 25, 2002. The transaction has been accounted for as a reverse acquisition whereby the total purchase price of the share exchange has been allocated on a preliminary basis to LTC, primarily intangibles and in process research and development.

The unaudited pro forma combined condensed balance sheet as of September 30, 2002 has been prepared as if the share exchange and the other transactions had occurred on that date. The unaudited pro forma combined condensed statement of operations for the nine months ended September 30, 2002 and for the year ended December 31, 2001 assumes that the share exchange and the other transactions were consummated on January 1, 2001.

The adjustments to the unaudited pro forma combined condensed financial statements for the year ended December 31, 2001 and the nine months ended September 30, 2002 are as follows:

(A) To reflect the conversion of \$1,914,567 principal of LTC non-interest bearing promissory notes into 23,932,087 shares of LTC common stock.

(B) To reflect the issuance of 60,000 shares of LTC preferred stock on October 4, 2002, in connection with the share exchange, which are convertible into 66,804,314 shares of LTC common stock. Also, to reflect the issuance of 40,000 shares of LTC preferred stock on December 18, 2002, in connection with the November 25, 2002 Share Exchange Agreement, which are convertible into 44,536,210 shares of LTC common stock.

The share exchange between LTC and GAIA Holding has been accounted for as a reverse acquisition. The purchase price has been determined as a step

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acquisition, based on the fair market value LTC's outstanding shares at the date of the exchanges, with 84% of outstanding shares deemed acquired in the first exchange and 18% in the second exchange. There were 64,303,305 shares outstanding prior to the exchanges. The first exchange was based on the LTC closing price (\$0.11) as of October 4, 2002. The October 4, 2002 date was used because there were significant modifications made to the agreement through the date of closing on October 4, 2002. The value of the shares for the second exchange (\$0.09) was based on the LTC closing price on December 5, 2002 when the agreement was finalized and announced.

Estimated Purchase Price.

| | |
|--|--------------|
| First Exchange (84% of 64,303,305 shares at \$0.11 per share) | \$ 5,942,000 |
| Second Exchange (16% of 64,303,305 shares at \$0.09 per share) | 926,000 |
| Fair value of LTC options and warrants | 133,000 |
| Transaction cost incurred by GAIA | 52,000 |

| | |
|----------------------|--------------|
| Total purchase price | \$ 7,053,000 |
| | ===== |

Assets acquired:

| | |
|----------------------------------|-----------|
| Cash | \$ 20,000 |
| Prepaid and other current assets | 137,000 |
| Property and equipment | 315,000 |
| Intangible assets - patents | 8,000,000 |
| In-process R&D (expensed) | 3,700,000 |
| Goodwill | 1,965,000 |
| Other assets | 21,000 |

| | |
|-----------------------|------------|
| Total assets acquired | 14,158,000 |
| | ===== |

Liabilities assumed:

| | |
|-----------------------------|-----------|
| Accounts payable | 475,000 |
| Accrued salaries | 201,000 |
| Notes payable | 65,000 |
| Promissory notes converted | 1,915,000 |
| Convertible debt securities | 4,449,000 |

| | |
|---------------------------|-----------|
| Total liabilities assumed | 7,105,000 |
| | ===== |

| | |
|---------------------|--------------|
| Net assets acquired | \$ 7,053,000 |
| | ===== |

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Deferred taxes have not been recorded since deferred tax assets on net operating losses are recognizable to offset the amount of deferred tax liability recognized in purchase accounting.

(C) To reflect the issuance of 600 and 400 shares of LTC preferred shares issued in the Share Exchange.

(D) The share exchange between LTC and GAIA Holding has been accounted for as a reverse acquisition. These adjustments reflect the elimination of LTC's historical additional paid in capital, accumulated deficit and deficit accumulated during the development stage and GAIA Holding's historical common stock since GAIA Holding will be the acquirer for accounting purposes.

(E) Amortization of Intangibles using an estimated useful life of twelve years.

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(F) The weighted average number of common shares outstanding and the basic and diluted net loss per share have been stated to include the conversion of \$1,914,567 principal of LTC promissory notes into 23,932,087 shares of LTC common stock and the conversion of the LTC preferred stock issued in the share exchange into 111,340,524 shares of LTC common stock.

(G) Conversion rates from EUR into US Dollars of GAIA Holding for purposes of preparing the Unaudited Pro Forma Combined Financial Statements are as follows:

Balance Sheet as of September 30, 2002. (0.9882286). Operating results year ended December 31, 2001. (89541222). Operating results nine months ended September 30, 2002. (0.926).

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