

APPLIED ENERGETICS, INC.
Form 10-Q
August 11, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2008

OR

o 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

77-0262908

(State or Other Jurisdiction of Incorporation
or
Organization)

(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 x No o

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: o Accelerated filer: x Non-accelerated filer: o Smaller reporting company: o

(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

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Indicate the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date. As of August 7, 2008, there were 80,622,710 shares of the issuer's common stock, par value \$.001 per share, outstanding.

APPLIED ENERGETICS, INC.
June 30, 2008

PART I -	FINANCIAL INFORMATION	
Item 1 -	Consolidated Financial Statements	
	Consolidated Balance Sheets as of June 30, 2008 (Unaudited) and December 31, 2007	1
	Consolidated Statements of Operations for the three months ended June 30, 2008 and 2007 (Unaudited)	2
	Consolidated Statements of Operations for the six months ended June 30, 2008 and 2007 (Unaudited)	3
	Consolidated Statements of Cash Flows for the six months ended June 30, 2008 and 2007 (Unaudited)	4
	Notes to Consolidated Financial Statements	5
Item 2 -	Management's Discussion and Analysis of Financial Condition and Results of Operations	11
Item 4 -	Controls and Procedures	14
PART II -	OTHER INFORMATION	
Item 2 -	Unregistered Sales of Equity Securities and Use of Proceeds	15
Item 4 -	Submission of Matters to a Vote of Security Holders	15
Item 5 -	Other Information	15
Item 6 -	Exhibits	15
SIGNATURES		16

PART I FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

APPLIED ENERGETICS, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current assets		
Cash and cash equivalents	\$ 8,021,845	\$ 14,981,192
Accounts receivable	5,330,634	3,264,968
Inventory	1,991,403	1,468,391
Prepaid expenses and deposits	231,142	445,832
Other receivables	126,931	59,983
Total current assets	15,701,955	20,220,366
Securities available for sale	7,125,000	7,500,000
Property and equipment - net	3,528,310	1,600,887
Intangible assets - net	61,500	86,100
Other assets	50,153	59,517
TOTAL ASSETS	\$ 26,466,918	\$ 29,466,870
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 589,233	\$ 1,148,266
Accrued expenses	661,145	516,589
Accrued compensation	706,814	1,060,603
Customer deposits	824,850	936,373
Billings in excess of costs	197,455	-
Current portion of capital lease obligations	6,916	13,937
Total current liabilities	2,986,413	3,675,768
Capital lease obligations	-	2,028
Deferred rent	5,787	125,814
Total liabilities	2,992,200	3,803,610
Commitments and contingencies		
Stockholders' equity		
Series A Convertible Preferred stock, \$.001 par value, 2,000,000 shares authorized; 678,000 shares issued and outstanding at June 30, 2008 and 690,000 shares issued and outstanding at December 31, 2007	678	690
Common stock, \$.001 par value, 125,000,000 shares authorized; 80,622,710 shares issued and outstanding at June 30, 2008 and 80,244,617 shares issued and outstanding at December 31, 2007	80,623	80,245
Additional paid-in capital	68,941,062	66,344,066
Accumulated deficit	(45,172,645)	(40,761,741)
Accumulated other comprehensive loss	(375,000)	-
Total stockholders' equity	23,474,718	25,663,260
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 26,466,918	\$ 29,466,870

See accompanying notes to consolidated financial statements (unaudited)

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

	For the three months ended	
	2008	2007
Revenue	\$ 5,677,998	\$ 3,149,173
Cost of revenue	5,189,454	3,135,603
Gross profit	488,544	13,570
Operating expenses:		
General and administrative	1,157,277	2,317,578
Selling and marketing	72,854	125,015
Research and development	243,272	183,804
Total operating expenses	1,473,403	2,626,397
Operating loss	(984,859)	(2,612,827)
Other (expense) income		
Interest expense	(239)	(489)
Interest income	165,780	354,143
Other		