

APOGEE TECHNOLOGY INC  
Form 10-Q  
November 15, 2010

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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 September 30, 2010

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 001-10456

APOGEE TECHNOLOGY, INC.

(Exact name of Small Business Issuer in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation)

04-3005815  
(I.R.S. Employer  
Identification No.)

129 MORGAN DRIVE, NORWOOD, MASSACHUSETTS 02062  
(Address of principal executive offices)

(781) 551-9450  
(Registrant's telephone number, including area code)

NOT APPLICABLE  
(Former name, former address and former fiscal year,  
if changed since last report)  
Securities registered under Section 12(g) of the Exchange Act:  
Common Stock



APOGEE TECHNOLOGY, INC.  
(A Development Stage Company)  
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## PART I

## FINANCIAL INFORMATION

## Item 1. Financial Statements

APOGEE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)  
CONSOLIDATED BALANCE SHEETS

	SEPTEMBER 30, 2010 (Unaudited)	DECEMBER 31, 2009 (Audited)
<b>ASSETS</b>		
Current assets		
Cash	\$ 519	\$ 4,704
Prepaid expenses and other current assets	267	2,694
<b>Total current assets</b>	<b>786</b>	<b>7,398</b>
Property and equipment, net	30,390	44,042
Other assets		
Patents, net	175,295	118,570
	<b>\$ 206,471</b>	<b>\$ 170,010</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 3,476,375	\$ 3,092,189
Officer loans and notes payable	1,447,793	1,060,542
Shareholder loans and notes payable	1,345,103	1,206,283
Other loans and notes payable	247,020	796,320
<b>Total current liabilities</b>	<b>6,516,291</b>	<b>6,155,334</b>
Stockholders' deficiency		
Preferred stock, par value \$0.0001 per share; 5,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par value; 40,000,000 shares authorized, 13,178,454 issued and outstanding at September 30, 2010 and 12,132,332 issued and outstanding at	131,785	121,323

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December 31, 2009

Additional paid-in capital	19,748,103	18,973,783
Accumulated deficit	(21,891,704 )	(21,891,704 )
Accumulated deficit during development stage	(4,298,004 )	(3,188,726 )
Total stockholders' deficiency	(6,309,820 )	(5,985,324 )
	\$ 206,471	\$ 170,010

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

APOGEE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)  
CONSOLIDATED STATEMENTS OF OPERATIONS AND ACCUMULATED DEFICIT  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,		Cumulative from Re-entering Development Stage on October 1, 2008 to September 30, 2010
	2010	2009	2010	2009	
<b>Revenues</b>					
Product sales	\$—	\$—	\$—	\$—	\$ —
Consulting	25,000	—	40,000	—	40,000
	25,000	—	40,000	—	40,000
<b>Costs and expenses</b>					
Research and development	121,388	145,575	319,492	579,317	1,501,602
Selling, general and administrative	249,166	269,911	735,622	874,277	2,286,043
	370,554	415,486	1,055,114	1,453,594	3,787,645
Operating loss	(345,554 )	(415,486 )	(1,015,114 )	(1,453,594 )	(3,747,645 )
<b>Other income (expense)</b>					
Gain on extinguishment of debt	16,500	—	341,810	—	341,810
Warrant Expense	—	—	(56,754 )	—	(56,754 )
Interest and other expense	(127,983 )	(96,532 )	(380,579 )	(279,573 )	(839,565 )
Interest and other income	535	500	1,359	1,606	4,150
	(110,948 )	(96,032 )	(94,164 )	(277,967 )	(550,359 )
Net loss	\$(456,502 )	\$(511,518 )	\$(1,109,278 )	\$(1,731,561 )	\$ (4,298,004 )
Accumulated deficit - beginning	\$(25,733,206)	\$(24,101,122)	\$(25,080,430)	\$(22,881,079)	\$ —
Accumulated deficit - ending	\$(26,189,708)	\$(24,612,640)	\$(26,189,708)	\$(24,612,640)	\$ (4,298,004 )
	\$(0.03 )	\$(0.04 )	\$(0.09 )	\$(0.14 )	

Basic and diluted loss per common  
share

Weighted average common shares outstanding - basic and diluted	13,116,878	12,132,332	12,532,163	12,132,332
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The accompanying notes are an integral part of these consolidated financial statements



APOGEE TECHNOLOGY, INC. AND SUBSIDIARY  
(A Development Stage Company)  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	NINE MONTHS ENDED SEPTEMBER 30,		Cumulative from Re-entering Development Stage on OCTOBER 1, 2008 through SEPTEMBER 30, 2010
	2010	2009	
Cash flows from operations			
Net loss	\$ (1,109,278 )	\$ (1,731,561 )	\$ (4,298,004 )
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	55,055	77,305	210,517
Stock compensation expense for employees and directors	(39,828 )	64,217	51,826
Original issue discount	93,814	70,543	203,721
Warrant Expenses	56,754	—	56,754
Patent impairment	—	17,267	205,674
Disposal of sensor equipment	—	—	3,731
Gain on extinguishment of debt	(341,810 )	—	(341,810 )
Changes in operating assets and liabilities:			
Accounts receivable	—	—	—
Prepaid expenses and other current assets			