

MECHANICAL TECHNOLOGY INC  
Form 10-Q  
November 14, 2008

**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, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE TRANSITION PERIOD FROM \_\_\_\_ TO \_\_\_\_

**Mechanical Technology, Incorporated**

(Exact name of registrant as specified in its charter)

New York  
(State or Other Jurisdiction

0-6890  
(Commission File Number)

14-1462255  
(IRS Employer

of Incorporation)

Identification No.)

431 New Karner Road, Albany, New York 12205

(Address of registrant's principal executive office)

(518) 533-2200

(Registrant's telephone number, including area code)

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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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition 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   
(Do not check if a small reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The number of shares of common stock, par value of \$0.01 per share, outstanding as of November 7, 2008 was 4,771,658.

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**MECHANICAL TECHNOLOGY, INCORPORATED AND SUBSIDIARIES**

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**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****MECHANICAL TECHNOLOGY, INCORPORATED AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

As of December 31, 2007 and September 30, 2008 (Unaudited)

(Dollars in thousands)

	<b>December 31, 2007</b>	<b>September 30, 2008</b>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 7,650	\$ 3,350
Securities available for sale	4,492	98
Accounts receivable, net	1,369	715
Inventories, net	1,373	1,586
Prepaid expenses and other current assets	329	416
Total Current Assets	15,213	6,165
Property, plant and equipment, net	2,159	1,718
Deferred income taxes	1,344	2
Total Assets	\$ 18,716	\$ 7,885
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 273	\$ 853
Accrued liabilities	2,121	2,085
Deferred revenue	117	—
Convertible notes payable – related party	—	1,500
Income taxes payable	11	17
Deferred income taxes	1,344	2
Total Current Liabilities	3,866	4,457
<b>Long-Term Liabilities:</b>		
Uncertain tax position liability	208	213
Derivative liability	696	95
Total Long-Term Liabilities	904	308
Total Liabilities	4,770	4,765
<b>Commitments and Contingencies</b>		
Minority interests	143	11
<b>Stockholders' Equity:</b>		
Common stock, par value \$0.01 per share, authorized 75,000,000; 5,777,578 issued in 2007 and 5,776,750 issued in 2008	58	58
Paid-in-capital	132,065	132,601
Accumulated deficit	(105,066 )	(115,547 )
Accumulated Other Comprehensive Income:		

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Unrealized gain on securities available for sale, net of tax	500	(250 )
Cumulative translation adjustments	—	1
Common stock in treasury, at cost, 1,005,092 shares in both 2007 and 2008	(13,754 )	(13,754 )
Total Stockholders' Equity	13,803	3,109
Total Liabilities and Stockholders' Equity	\$ 18,716	\$ 7,885

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

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**MECHANICAL TECHNOLOGY, INCORPORATED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

**For the Three and Nine Months Ended September 30, 2007 and 2008**

(Dollars in thousands, except per share)

<b>Three Months Ended</b>		<b>Nine Months Ended</b>
<b>September 30,</b>		<b>September 30,</b>
<b>2007</b>	<b>2008</b>	