

FORCE PROTECTION INC
Form 10-Q/A
September 30, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q/A

(AMENDMENT NO. 2)

(Mark One)

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

For the quarterly period ended March 31, 2007

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 001-33253

FORCE PROTECTION, INC.

(Exact Name of Registrant as Specified in Its Charter)

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Nevada
(State or Other Jurisdiction of
Incorporation or Organization)

84-1383888
(I.R.S. Employer
Identification No.)

9801 Highway 78, Building No. 1
Ladson, SC
(Address of Principal Executive Offices)

29456
(Zip Code)

(843) 574-7000

(Registrant's Telephone Number, Including Area Code)

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 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

(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 No

The registrant had 68,318,162 shares of common stock outstanding as of September 30, 2008.

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EXPLANATORY NOTE REGARDING RESTATEMENTS

This Quarterly Report on Form 10-Q/A for the three-month period ended March 31, 2007 includes restatements of the previously filed condensed consolidated financial statements and data (and related disclosures) for the period ended March 31, 2007. These corrections are discussed in Note 2, *Restatement and Reclassification of Previously Issued Condensed Consolidated Financial Statements*, included in the accompanying condensed consolidated financial statements for the period ended March 31, 2007. These corrections are also discussed in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations of this Quarterly Report on Form 10-Q/A and are further discussed in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 16, Summarized Quarterly Unaudited Financial Data, to the consolidated financial statements included in our Annual Report on Form 10-K for our fiscal period ended December 31, 2007 filed with the United States Securities and Exchange Commission (SEC) on September 15, 2008. We previously announced, in a Form 8-K filed with the SEC on August 28, 2008, that we would restate our previously reported condensed consolidated financial statements for the three-month period ended March 31, 2007 and the three- and six-month periods ended June 30, 2007 as a result of errors discovered by management during its year-end and quarterly review, including errors associated with recognizing the value of revenues, certain accrued liabilities, inventory and deferred expenses in the proper quarterly periods. The information contained in this Quarterly Report on Form 10-Q/A amends only Items 1, 2 and 4 of Part I and Item 6 of Part II to the originally filed Quarterly Report on Form 10-Q filed with the SEC on May 15, 2007, as amended by the Quarterly Report on Form 10-Q/A filed with the SEC on July 19, 2007 (the Original Report).

This Quarterly Report on Form 10-Q/A does not reflect all events occurring after the original filing of the Original Report or modify or update all the disclosures affected by subsequent events. Information not modified or updated herein reflects the disclosures made at the time of the filing of the Original Report on July 19, 2007. Accordingly, this Form on 10-Q/A should be read in conjunction with all of our periodic filings, as amended if applicable, including our Annual Report on Form 10-K for the year ended December 31, 2007, filed with the SEC subsequent to the filing date of the Original Report.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****Force Protection, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets****(Unaudited)**

	As of March 31, 2007 (Restated)	As of December 31, 2006
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 113,441	\$ 156,319
Accounts receivable, net of allowance	53,494	42,035
Inventories	98,218	60,396
Deferred income tax assets	12,693	9,563
Other current assets	2,653	373
Total current assets	280,499	268,686
Property and equipment, net	23,590	8,964
Intangible assets, net	1,882	
Deferred income tax assets	2,764	2,764
Total assets	\$ 308,735	\$ 280,414
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable	\$ 62,538	\$ 38,654
Due to United States government	7,007	6,023
Other current liabilities	13,634	4,891
Advance payments on contracts	3,376	12,824
Total current liabilities	86,555	62,392
Other long-term liabilities	446	168
	87,001	62,560
Commitments and contingencies		
Shareholders equity:		
Common stock	68	67
Additional paid-in capital	255,397	251,038
Accumulated deficit	(33,731)	(33,251)
Total shareholders equity	221,734	217,854
Total liabilities and shareholders equity	\$ 308,735	\$ 280,414

The accompanying notes to condensed consolidated financial statements are an integral part of these balance sheets.

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Force Protection, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

	For the three months ended March 31, 2007 (Restated)		2006	
	(In Thousands, Except per Share Data)			
Net sales	\$	104,825	\$	34,803
Cost of sales		85,125		28,165
Gross profit		19,700		6,638
General and administrative expenses		17,066		5,961
Research and development expenses		5,001		664
Operating income (loss)		(2,367)		13
Other income, net		1,788		27
Interest expense		(9)		(807)
Loss before income tax benefit		(588)		(767)
Income tax benefit		108		
Net loss		(480)		(767)
Accretion of Series D 6% convertible preferred stock				(484)
Preferred stock dividend				(162)
Net loss available to common shareholders	\$	(480)	\$	(1,413)
Loss per common share:				
Basic	\$	(0.01)	\$	(0.04)
Diluted	\$	(0.01)	\$	(0.04)
Weighted average common shares outstanding:				
Basic		67,632		37,452
Diluted		67,632		37,452

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

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Force Protection, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the three months ended March 31,	
	2007	2006
	(Restated)	
	(In Thousands)	
Cash flows from operating activities:		
Net loss	\$	