

ORMAT TECHNOLOGIES, INC.

Form 10-Q

May 06, 2011

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**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 March 31, 2011**
- 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: 001-32347

ORMAT TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

*(State or other jurisdiction of
incorporation or organization)*

88-0326081

*(I.R.S. Employer
Identification Number)*

6225 Neil Road, Reno, Nevada 89511-1136

(Address of principal executive offices)

Registrant's telephone number, including area code:

(775) 356-9029

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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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

As of the date of this filing, the number of outstanding shares of common stock of Ormat Technologies, Inc. is 45,430,886 par value of \$0.001 per share.

ORMAT TECHNOLOGIES, INC

**FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2011**

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Certain Definitions

Unless the context otherwise requires, all references in this quarterly report to Ormat , the Company , we , us , our company , Ormat Technologies or our refer to Ormat Technologies, Inc. and its consolidated subsidiaries.

Table of Contents**PART I UNAUDITED FINANCIAL INFORMATION****ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)**

	March 31, 2011	December 31, 2010
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 40,675	\$ 82,815
Marketable securities	24,149	
Restricted cash, cash equivalents and marketable securities (all related to VIEs)	54,828	23,309
Receivables:		
Trade	70,491	54,495
Related entity	332	303
Other	6,544	8,173
Due from Parent	503	272
Inventories	14,554	12,538
Costs and estimated earnings in excess of billings on uncompleted contracts	3,531	6,146
Deferred income taxes	1,582	1,674
Prepaid expenses and other	13,791	14,929
Total current assets	230,980	204,654
Long-term marketable securities		1,287
Restricted cash, cash equivalents and marketable securities (all related to VIEs)		1,740
Unconsolidated investments	3,832	4,244
Deposits and other	22,086	21,353
Deferred income taxes	17,087	17,087
Deferred charges	37,294	37,571
Property, plant and equipment, net (\$1,367,571 and \$1,371,400 related to VIEs, respectively)	1,426,485	1,425,467
Construction-in-process (\$166,836 and \$149,851 related to VIEs, respectively)	296,930	270,634
Deferred financing and lease costs, net	19,774	19,017
Intangible assets, net	39,479	40,274
Total assets	\$ 2,093,947	\$ 2,043,328
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 76,743	\$ 85,549
Billings in excess of costs and estimated earnings on uncompleted contracts	15,376	3,153

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Current portion of long-term debt:		
Limited and non-recourse (all related to VIEs)	14,667	15,020
Full recourse	14,775	13,010
Senior secured notes (non-recourse) (all related to VIEs)	20,990	20,990
Total current liabilities	142,551	137,722
Long-term debt, net of current portion:		
Limited and non-recourse (all related to VIEs)	113,532	114,132
Full recourse:		
Senior unsecured bonds (plus unamortized premium based upon 7% of \$1,957,000)	251,425	142,003
Other	80,920	84,166
Revolving credit lines with banks (full recourse)	118,500	189,466
Senior secured notes (non-recourse) (all related to VIEs)	210,882	210,882
Liability associated with sale of tax benefits	83,894	66,587
Deferred lease income	70,324	71,264
Deferred income taxes	30,608	30,878
Liability for unrecognized tax benefits	4,294	5,431
Liabilities for severance pay	21,987	20,706
Asset retirement obligation	20,290	19,903
Other long-term liabilities	4,704	4,961
Total liabilities	1,153,911	1,098,101
Commitments and contingencies		
Equity:		
The Company's stockholders' equity:		
Common stock, par value \$0.001 per share; 200,000,000 shares authorized; 45,430,886 shares issued and outstanding, respectively	46	46
Additional paid-in capital	720,801	716,731
Retained earnings	210,046	221,311
Accumulated other comprehensive income	968	1,044
	931,861	939,132
Noncontrolling interest	8,175	6,095
Total equity	940,036	945,227
Total liabilities and equity	\$ 2,093,947	\$ 2,043,328

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

Table of Contents**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND
COMPREHENSIVE INCOME (LOSS)
(Unaudited)**

	Three Months Ended March 31,	
	2011	2010
	(In thousands, except per share data)	
Revenues:		
Electricity	\$ 78,268	\$ 66,105
Product	19,552	16,549
Total revenues	97,820	82,654
Cost of revenues:		
Electricity	65,937	54,523
Product	16,890	12,437
Total cost of revenues	82,827	66,960
Gross margin	14,993	15,694
Operating expenses:		
Research and development expenses	2,207	3,267
Selling and marketing expenses	2,660	3,202
General and administrative expenses	7,007	7,020
Operating income	3,119	2,205
Other income (expense):		
Interest income	135	197
Interest expense, net	(13,080)	(9,714)
Foreign currency translation and transaction gains	517	434
Income attributable to sale of tax benefits	2,139	2,139
Other non-operating expense, net	(797)	(359)
Loss from continuing operations, before income taxes and equity in income (losses) of investees	(7,967)	(5,098)
Income tax benefit (provision)	(586)	2,557
Equity in income (losses) of investees, net	(412)	546
Loss from continuing operations	(8,965)	(1,995)
Discontinued operations:		
Income from discontinued operations, net of related tax of \$0 and \$6 , respectively		14
Gain on sale of a subsidiary in New Zealand, net of related tax of \$2,570		3,766

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Net income (loss)	(8,965)	1,785
Net loss (income) attributable to noncontrolling interest	(10)	53
Net income (loss) attributable to the Company's stockholders	\$ (8,975)	\$ 1,838
Comprehensive income (loss):		
Net income (loss)	\$ (8,965)	\$ 1,785
Other comprehensive income (loss), net of related taxes:		
Currency translation adjustment		43
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge	(53)	(58)
Change in unrealized gains or losses on marketable securities available-for-sale	(23)	(62)
Comprehensive income (loss)	(9,041)	1,708
Comprehensive loss (income) attributable to noncontrolling interest	(10)	53
Comprehensive income (loss) attributable to the Company's stockholders	\$ (9,051)	\$ 1,761
Earnings (loss) per share attributable to the Company's stockholders - basic and diluted		
Loss from continuing operations	\$ (0.20)	\$ (0.04)
Discontinued operations		0.08
Net income (loss)	\$ (0.20)	\$ 0.04
Weighted average number of shares used in computation of earnings (loss) per share attributable to the Company's stockholders:		
Basic	45,431	45,431
Diluted	45,431	45,457
Dividend per share declared	\$ 0.05	\$ 0.12

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

Table of Contents**ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)**

	The Company's Stockholders' Equity							
	Common Shares	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total	Noncontrolling Interest	Total Equity	
	Amount							(In thousands, except per share data)
Balance at December 31, 2009	45,431	\$ 46	\$ 709,354	\$ 196,950	\$ 622	\$ 906,972	\$ 4,723	\$ 911,695
Stock-based compensation			1,416			1,416		1,416
Cash dividend declared, \$0.12 per share				(5,455)		(5,455)		(5,455)
Net income (loss)				1,838		1,838	(53)	1,785
Other comprehensive income (loss), net of related taxes:								
Currency translation adjustment					43	43		43
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge (net of related tax of \$36)					(58)	(58)		(58)
Change in unrealized gains or losses on marketable securities available-for-sale (net of related tax of \$34)					(62)	(62)		(62)
Balance at March 31, 2010	45,431	\$ 46	\$ 710,770	\$ 193,333	\$ 545	\$ 904,694	\$ 4,670	\$ 909,364
Balance at December 31, 2010	45,431	\$ 46	\$ 716,731	\$ 221,311	\$ 1,044	\$ 939,132	\$ 6,095	\$ 945,227
Stock-based compensation			1,727			1,727		1,727
Increase in noncontrolling interest due to sale of equity interest in OPC LLC								