

ACORN ENERGY, INC.
Form 10-Q
November 12, 2009

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, 2009

Commission file number: 0-19771

ACORN ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-2786081
(I.R.S. Employer
Identification No.)

4 West Rockland Road
Montchanin, Delaware
(Address of principal executive offices)

19710
(Zip Code)

(302) 656-1708
(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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at November 6, 2009
Common Stock, \$0.01 par value per share	11,646,788 shares

ACORN ENERGY, INC.
 Quarterly Report on Form 10-Q
 for the Quarterly Period Ended September 30, 2009

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Certain statements contained in this report are forward-looking in nature. These statements are generally identified by the inclusion of phrases such as “we expect”, “we anticipate”, “we believe”, “we estimate” and other phrases of similar meaning. Whether such statements ultimately prove to be accurate depends upon a variety of factors that may affect

our business and operations. Many of these factors are described in our most recent Annual Report on Form 10-K as filed with Securities and Exchange Commission.

ACORN ENERGY, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(in thousands, except share and per share data)

	As of December 31, 2008	As of September 30, 2009 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,142	\$ 12,018
Restricted deposit	2,157	970
Accounts receivable, net	4,524	4,606
Unbilled work-in-process	581	1,728
Inventory	1,148	2,493
Other current assets	2,080	2,071
Total current assets	25,632	23,886
Property and equipment, net	2,447	2,901
Available for sale - Investment in Comverge	2,462	—
Investment in GridSense	129	—
Investment in EnerTech	1,117	2,037
Funds in respect of employee termination benefits	1,677	1,863
Restricted deposit	579	—
Other intangible assets, net	10,357	10,085
Goodwill	6,342	6,637
Other assets	313	355
Total assets	\$ 51,055	\$ 47,764
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term bank credit and current maturities of long-term debt	\$ 445	\$ 820
Notes payable	3,400	—
Trade accounts payable	2,285	2,391
Accrued payroll, payroll taxes and social benefits	1,314	1,319
Other current liabilities	4,350	3,196
Total current liabilities	11,794	7,726
Long-term liabilities:		
Liability for employee termination benefits	2,651	2,892
Other liabilities	487	581
Total long-term liabilities	3,138	3,473
Equity:		
Acorn Energy Inc. Common stock - \$0.01 par value per share:		
Authorized – 20,000,000 shares; Issued – 12,454,528 at December 31, 2008 and 12,485,086 at September 30, 2009	124	124
Additional paid-in capital	54,735	56,460
Warrants	1,020	978
Accumulated deficit	(17,587)	(19,531)
Treasury stock, at cost – 841,286 and 1,275,081 shares for December 31, 2008 and September 30, 2009, respectively	(3,719)	(4,827)
Accumulated other comprehensive loss	(425)	(208)

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Total Acorn Energy Inc. shareholders' equity	34,148	32,996
Non-controlling interests	1,975	3,569
Total equity	36,123	36,565
Total liabilities and equity	\$ 51,055	\$ 47,764

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

ACORN ENERGY, INC. AND SUBSIDIARIES

Consolidated Statements of Operations (unaudited)
(in thousands, except per share data)

	Nine months ended September 30,		Three months ended September 30,	
	2008	2009	2008	2009
Sales				
Catalytic regeneration services	\$ 5,441	\$ 12,761	\$ 1,840	\$ 2,824
Projects	5,959	6,156	1,918	2,154
Software license and services	767	3,487	767	1,385
Other	363	317	103	100
	12,530	22,721	4,628	6,463
Cost of sales				
Catalytic regeneration services	4,573	8,592	2,075	2,126
Projects	4,091	3,566	1,314	1,215
Software license and services	257	599	257	183
Other	282	234	85	78
	9,203	12,991	3,731	3,602
Gross profit	3,327	9,730	897	2,861
Operating expenses:				
Research and development expenses, net of SRED credits of \$1,016 in the nine months ended September 30, 2009	510	76	402	424
Acquired in-process research and development	551	—	551	—
Impairments	3,000	80	2,454	—
Selling, general and administrative expenses	8,094	13,292	3,401	4,565
Total operating expenses	12,155	13,448	6,808	4,989
Operating loss	(8,828)	(3,718)	(5,911)	(2,128)
Gain on early redemption of convertible debentures	1,259	—	—	—
Finance income (expense), net	(2,950)	213	(50)	297
Gain on sale of Comverge shares	8,861	1,403	3,079	176
Gain on outside investment in Company's equity investments, net	7	—	7	—
Loss before taxes on income	(1,651)	(2,102)	(2,875)	(1,655)
Tax benefit (expense) on income	(689)	72	(691)	72
Loss from operations of the Company and its consolidated subsidiaries	(2,340)	(2,030)	(3,566)	(1,583)
Share in losses of GridSense	(194)	(129)	(60)	—
Share in income (losses) of Paketeria	(1,560)	263	(899)	263
Net loss	(4,094)	(1,896)	(4,525)	(1,320)
Net (income) loss attributable to non-controlling interests	284	(48)	204	96
Net loss attributable to Acorn Energy Inc.	\$ (3,810)	\$ (1,944)	\$ (4,321)	\$ (1,224)
Basic and diluted earnings per share attributable to Acorn Energy Inc.:				
Net loss per share attributable to Acorn Energy Inc. – basic and diluted	\$			