

CAPSTONE TURBINE CORP
Form 10-Q
February 09, 2007

**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 December 31, 2006

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: 001-15957

Capstone Turbine Corporation

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-4180883

(I.R.S. Employer
Identification No.)

21211 Nordhoff Street, Chatsworth, California 91311

(Address of principal executive offices and zip code)

818-734-5300

(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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

The number of outstanding shares of the registrant's common stock as of January 31, 2007 was 144,751,391.

CAPSTONE TURBINE CORPORATION
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PART I FINANCIAL INFORMATION**Item 1. Financial Statements**

CAPSTONE TURBINE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)

| | December 31, 2006 | March 31, 2006 |
|--|----------------------|-------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 25,498 | \$ 58,051 |
| Accounts receivable, net of allowance for doubtful accounts and sales returns of \$800 at December 31, 2006 and \$858 at March 31, 2006 | 4,456 | 5,869 |
| Inventories | 20,188 | 12,545 |
| Prepaid expenses and other current assets | 1,232 | 1,050 |
| Total current assets | 51,374 | 77,515 |
| Property, plant and equipment, net | 6,736 | 7,816 |
| Non-current portion of inventories | 3,009 | 3,113 |
| Intangible asset, net and other long-term assets | 1,072 | 1,273 |
| Total | \$ 62,191 | \$ 89,717 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 5,976 | \$ 8,144 |
| Accrued salaries and wages | 1,041 | 1,623 |
| Accrued warranty reserve | 6,408 | 6,998 |
| Deferred revenue | 993 | 632 |
| Current portion of notes payable | 19 | 19 |
| Total current liabilities | 14,437 | 17,416 |
| Long-term portion of notes payable | 32 | 47 |
| Other long-term liabilities | 580 | 626 |
| Stockholders' Equity: | | |
| Preferred stock, \$.001 par value; 10,000,000 shares authorized; none issued | | |
| Common stock, \$.001 par value; 415,000,000 shares authorized; 105,302,599 shares issued and 104,751,391 shares outstanding at December 31, 2006; 103,521,829 shares issued and 102,970,621 shares outstanding at March 31, 2006 | 104 | 104 |
| Additional paid-in capital | 576,297 | 572,787 |
| Accumulated deficit | (528,746) | (500,542) |
| Deferred stock compensation | | (208) |
| Treasury stock, at cost; 551,208 shares | (513) | (513) |
| Total stockholders' equity | 47,142 | 71,628 |
| Total | \$ 62,191 | \$ 89,717 |

See accompanying notes to condensed consolidated financial statements.

CAPSTONE TURBINE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|--|----------------------|----------|----------------------|-----------|
| | December 31, 2006 | 2005 | December 31, 2006 | 2005 |
| Revenue | \$ 5,715 | \$ 7,040 | \$ 15,227 | \$ 16,552 |
| Cost of goods sold (includes stock-based compensation of \$29, \$0, \$80 and \$0, for the periods presented, respectively) | 6,191 | 9,793 | 19,275 | 23,785 |
| Gross loss | (476) | (2,753) | (4,048) | (7,233) |
| Operating expenses: | | | | |