ORION ENERGY SYSTEMS, INC. Form 10-Q November 09, 2012 Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## **FORM 10-Q**

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

For the Quarterly Period Ended September 30, 2012

OR

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

Commission file number 001-33887

# Orion Energy Systems, Inc.

(Exact name of Registrant as specified in its charter)

#### Edgar Filing: ORION ENERGY SYSTEMS, INC. - Form 10-Q

Wisconsin (State or other jurisdiction of

39-1847269 (I.R.S. Employer

incorporation or organization)

**Identification number**)

2210 Woodland Drive, Manitowoc, Wisconsin
(Address of principal executive offices)

Registrant s telephone number, including area code: (920) 892-9340

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 x 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) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files). Yes x 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 accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " Accelerated filer

Non-accelerated filer " (Do not check if a smaller reporting company) Smaller reporting company x Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No x

There were 20,135,623 shares of the Registrant s common stock outstanding on November 7, 2012.

#### Orion Energy Systems, Inc.

#### **Quarterly Report On Form 10-Q**

#### For The Quarter Ended September 30, 2012

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#### PART I FINANCIAL INFORMATION

#### **Item 1: Financial Statements**

#### ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES

#### UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

Cash and cash equivalents         \$ 23,011         \$ 13,214           Short-term investments         1,016         1,016           Accounts receivable, net of allowances of \$947 and \$834         19,167         19,447           Inventories, net         18,132         18,411           Deferred contract costs         2,193         4,461           Deferred tax assets         1,549         1,727           Prepaid expenses and other current assets         67,242         \$ 8,582           Property and equipment, net         30,225         29,769           Long-term inventory         12,328         12,273           Patents and licenses, net         1,689         1,689           Deferred tax assets         2,609         213           Deferred tax assets         2,609         213           Cother long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Other long-term assets         4,002         3,962           Total assets         \$ 12,565         \$ 113,232           Cotract and Shareholders         \$ 14,002         \$ 15,166           Accound spayable         \$ 1,200         \$ 1,200           Accound spayable         \$ 2,614 <t< th=""><th></th><th>March 31, 2012</th><th>Sep</th><th>tember 30, 2012</th></t<>		March 31, 2012	Sep	tember 30, 2012
Short-term investments         1,016         1,019           Accounts receivable, net of allowances of \$947 and \$834         19,167         19,447           Inventories, net         81,312         18,411           Deferred contract costs         2,193         4,764           Deferred tax assets         1,549         1,727           Prepaid expenses and other current assets         67,242         58,582           Property and equipment, net         30,225         29,769           Long-term inventory         12,328         12,278           Platents and licenses, net         1,689         1,689           Deferred tax assets         2,609         213           Long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Total assets         \$12,560         \$113,232           Liabilities and Shareholders Equity         \$14,300         \$15,166           Accoud expenses         \$2,614         3,756           Other long-term debt         2,712         2,871           Current maturities of long-term debt         2,919         2,871           Current methoders revenue         3,048         3,128           Other long-term liabilities         3,048	Assets			
Accounts receivable, net of allowances of \$947 and \$834       19,167       19,447         Inventories, net       18,132       18,411         Deferred contract costs       2,193       4,764         Deferred tax assets       1,549       1,727         Prepaid expenses and other current assets       67,242       \$8,582         Property and equipment, net       30,225       29,769         Long-term inventory       12,328       12,273         Patents and licenses, net       1,689       1,689         Deferred tax assets       2,609       213         Long-term accounts receivable       7,555       6,735         Other long-term assets       4,002       3,962         Total assets       \$125,650       \$113,232         Liabilities and Shareholders Equity       1       3         Accounts payable       \$14,300       \$15,166         Accrued expenses       3,018       6,435         Current maturities of long-term debt       2,791       2,871         Total current liabilities       22,723       28,278         Long-term debt, less current maturities       3,048       3,128         Other forg-term devenue       6,704       5,365         Other forg-term liabilities	Cash and cash equivalents	\$ 23,011	\$	13,214
Inventories, net	Short-term investments	1,016		1,019
Deferred contract costs         2,193         4,764           Deferred tax assets         1,549         1,549           Propepid expenses and other current assets         2,174         1,727           Total current assets         67,242         58,582           Property and equipment, net         30,225         29,769           Long-term inventory         12,328         12,273           Patents and licenses, net         1,698         1,698           Deferred tax assets         2,609         213           Long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Total assets         \$125,650         \$113,232           Liabilities and Shareholders Equity         ***           Accounts payable         \$14,300         \$15,166           Accound expenses         \$14,300         \$15,166           Deferred revenue         2,614         3,756           Current maturities of long-term debt         2,791         2,871           Total current liabilities         22,723         28,278           Long-term debt, less current maturities         6,704         5,365           Other long-term liabilities         32,81         37,172	Accounts receivable, net of allowances of \$947 and \$834	19,167		19,447
Deferred tax assets         1,549           Prepaid expenses and other current assets         2,174         1,727           Total current assets         67,242         58,582           Property and equipment, net         30,225         29,769           Long-term inventory         12,328         12,273           Patents and licenses, net         1,689         1,698           Deferred tax assets         2,609         213           Long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Total assets         \$125,650         \$ 113,232           Liabilities and Shareholders Equity         8         14,300         \$ 15,166           Accounts payable         \$14,300         \$ 15,166         Accounts payable         \$ 14,300         \$ 15,166           Accounts payable         \$2,614         3,756         August and Alexender and Accounts payable         \$ 14,300         \$ 15,166           Current maturities of long-term debt         2,791         2,871         August and Alexender a	Inventories, net	18,132		18,411
Prepaid expenses and other current assets         2,174         1,727           Total current assets         67,242         58,582           Property and equipment, net         30,225         29,769           Long-term inventory         12,328         12,273           Patients and licenses, net         1,689         1,689           Deferred tax assets         2,609         213           Long-term accounts receivable         7,555         6,735           Other long-term assets         \$125,650         \$113,232           Total assets         \$125,650         \$113,232           Accounts payable         \$14,300         \$15,166           Accruced expenses         3,018         6,485           Deferred revenue         2,614         3,756           Current maturities of long-term debt         2,791         2,871           Total current liabilities         22,723         28,278           Long-term debt, less current maturities         6,704         5,365           Deferred revenue         30,448         3,128           Other long-term liabilities         32,881         37,172           Commitments and contingencies (See Note F)         Shareholders equity:           Commitments and contingencies (See Note F)         Sha	Deferred contract costs	2,193		4,764
Property and equipment, net   30,225   29,769     Long-term inventory   12,328   12,273     Patents and licenses, net   1,689   1,698     Deferred tax assets   2,609   213     Long-term accounts receivable   7,555   6,735     Other long-term assets   4,002   3,962     Total assets   \$125,650   \$113,232     Total assets   \$125,650   \$113,232     Labilities and Shareholders   Equity     Accounts payable   \$14,300   \$15,166     Accrued expenses   3,018   6,485     Accrued expenses   3,018   6,485     Deferred revenue   2,614   3,756     Current maturities of long-term debt   22,723   28,278     Long-term debt, less current maturities   22,723   28,278     Dotal current liabilities   3,048   3,128     Other long-term liabilities   3,048   3,128     Other long-term liabilities   3,281   37,172     Commitments and contingencies (See Note F)     Shareholders   equity:     Commitments   2,273   3,481   37,172     Commitments   3,445,479   and 30,482,026   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,258   and 20,753,923   at March 31,2012   and September 30,2012;   shares outstanding:     22,785,2	Deferred tax assets	1,549		
Property and equipment, net         30,225         29,769           Long-term inventory         12,328         12,732           Patients and licenses, net         1,689         1,689           Deferred tax assets         2,609         213           Long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Total assets         \$125,650         \$113,232           Liabilities and Shareholders         \$14,300         \$15,166           Accrued expenses         3,018         6,485           Current maturities of long-term debt         2,791         2,871           Current maturities of long-term debt, less current maturities         22,723         28,278           Long-term debt, less current maturities         6,704         5,365           Deferred revenue         3,048         3,128           Other long-term liabilities         32,881         37,172           Commitments and contingencies (See Note F)         5         5           Shareholders equity:         2         2           Commitments and contingencies (See Note F)         32,881         37,172           Commitments and contingencies (See Note F)         5         5           Shares issue	Prepaid expenses and other current assets	2,174		1,727
Long-term inventory         12,328         12,273           Patents and licenses, net         1,689         1,699           Deferred tax sasets         2,609         213           Long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Total assets         \$125,650         \$113,232           Liabilities and Shareholders         Equity           Accounts payable         \$14,300         \$15,166           Accounts payable         \$14,300         \$15,166           Accounts payable         \$14,301         \$15,166           Account expenses         3,018         6,485           Deferred revenue         2,614         3,756           Current maturities of long-term debt         2,791         2,871           Total current liabilities         22,723         28,278           Long-term debt, less current maturities         6,704         5,365           Deferred revenue         3,048         3,128           Other long-term liabilities         32,881         37,172           Commitments and contingencies (See Note F)         5         5           Shareholders equity:         5         5           Commitments and conting	Total current assets	67,242		58,582
Patents and licenses, net         1,698         1,698           Deferred tax assets         2,609         213           Long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Total assets         \$ 125,650         \$ 113,232           Liabilities and Shareholders Equity         \$ 14,300         \$ 15,166           Accounts payable         \$ 14,300         \$ 15,166           Accrued expenses         3,018         6,485           Deferred revenue         2,614         3,756           Current maturities of long-term debt         2,791         2,871           Total current liabilities         22,723         28,278           Long-term debt, less current maturities         6,704         5,365           Deferred revenue         3,048         3,128           Other long-term liabilities         32,881         37,172           Commitments and contingencies (See Note F)         Shareholders equity:         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,9	Property and equipment, net	30,225		29,769
Deferred tax assets	Long-term inventory	12,328		12,273
Long-term accounts receivable         7,555         6,735           Other long-term assets         4,002         3,962           Total assets         \$ 125,650         \$ 113,232           Liabilities and Shareholders Equity         8         14,300         \$ 15,166           Accrued expenses         3,018         6,485           Deferred revenue         2,614         3,756           Current maturities of long-term debt         2,791         2,871           Total current liabilities         22,723         28,278           Long-term debt, less current maturities         6,704         5,365           Deferred revenue         3,048         3,128           Other long-term liabilities         406         401           Total liabilities         32,881         37,172           Commitments and contingencies (See Note F)         5         5           Shareholders equity:         5         6           Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012         126,148           Additional paid-in capital         126,753         126,148           Treasury stock: 7,660,221 and 9,728,103 comm	Patents and licenses, net	1,689		1,698
Other long-term assets       4,002       3,962         Total assets       \$ 125,650       \$ 113,232         Liabilities and Shareholders Equity       Accounts payable       \$ 14,300       \$ 15,166         Accrued expenses       3,018       6,485         Deferred revenue       2,614       3,756         Current maturities of long-term debt       2,791       2,871         Total current liabilities       22,723       28,278         Long-term debt, less current maturities       6,704       5,365         Deferred revenue       3,048       3,128         Other long-term liabilities       406       401         Total liabilities       32,881       37,172         Commitments and contingencies (See Note F)       5       5         Shareholders equity:       2       2       2         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012       126,753       126,148         Additional paid-in capital       166,753       126,148       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       32,470	Deferred tax assets	2,609		213
Other long-term assets       4,002       3,962         Total assets       \$ 125,650       \$ 113,232         Liabilities and Shareholders Equity       Accounts payable       \$ 14,300       \$ 15,166         Accrued expenses       3,018       6,485         Deferred revenue       2,614       3,756         Current maturities of long-term debt       2,791       2,871         Total current liabilities       22,723       28,278         Long-term debt, less current maturities       6,704       5,365         Deferred revenue       3,048       3,128         Other long-term liabilities       406       401         Total liabilities       32,881       37,172         Commitments and contingencies (See Note F)       5       5         Shareholders equity:       2       2       2         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012       126,753       126,148         Additional paid-in capital       166,753       126,148       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       32,470	Long-term accounts receivable	7,555		6,735
Liabilities and Shareholders Equity  Accounts payable \$14,300 \$15,166 Accrued expenses \$3,018 6,485 Deferred revenue \$2,614 3,756 Current maturities of long-term debt \$2,791 2,871  Total current liabilities \$22,723 28,278 Long-term debt, less current maturities \$6,704 5,365 Deferred revenue \$3,048 3,128 Other long-term liabilities \$406 401  Total liabilities \$32,881 37,172  Commitments and contingencies (See Note F) Shareholders equity: Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares voluntianed in capital 126,753 126,148 Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012 Shareholder notes receivable (221) (283)	Other long-term assets			3,962
Accounts payable       \$ 14,300       \$ 15,166         Accrued expenses       3,018       6,485         Deferred revenue       2,614       3,756         Current maturities of long-term debt       2,791       2,871         Total current liabilities       22,723       28,278         Long-term debt, less current maturities       6,704       5,365         Deferred revenue       3,048       3,128         Other long-term liabilities       32,881       37,172         Total liabilities       32,881       37,172         Commitments and contingencies (See Note F)       5         Shareholders equity:       5         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       (32,470)       (36,913)         Shareholder notes receivable       (221)       (283)	Total assets	\$ 125,650	\$	113,232
Accrued expenses 3,018 6,485 Deferred revenue 2,614 3,756 Current maturities of long-term debt 2,791 2,871  Total current liabilities 2,791 2,871  Total current liabilities 6,704 5,365 Deferred revenue 3,048 3,128 Chong-term debt, less current maturities 6,704 5,365 Deferred revenue 3,048 3,128 Other long-term liabilities 406 401  Total liabilities 32,881 37,172  Commitments and contingencies (See Note F) Shareholders equity: Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012 Additional paid-in capital 126,753 126,148 Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012 Shareholder notes receivable (221) (283)	Liabilities and Shareholders Equity			
Deferred revenue   2,614   3,756	Accounts payable	\$ 14,300	\$	15,166
Current maturities of long-term debt       2,791       2,871         Total current liabilities       22,723       28,278         Long-term debt, less current maturities       6,704       5,365         Deferred revenue       3,048       3,128         Other long-term liabilities       406       401         Total liabilities       32,881       37,172         Commitments and contingencies (See Note F)       5         Shareholders equity:       5         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       (32,470)       (36,913)         Shareholder notes receivable       (221)       (283)	Accrued expenses	3,018		6,485
Total current liabilities 22,723 28,278 Long-term debt, less current maturities 6,704 5,365 Deferred revenue 3,048 3,128 Other long-term liabilities 406 401  Total liabilities 32,881 37,172  Commitments and contingencies (See Note F) Shareholders equity: Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012 Additional paid-in capital 126,753 126,148 Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012 Shareholder notes receivable (221) (283)	Deferred revenue	2,614		3,756
Long-term debt, less current maturities       6,704       5,365         Deferred revenue       3,048       3,128         Other long-term liabilities       406       401         Total liabilities       32,881       37,172         Commitments and contingencies (See Note F)       Shareholders equity:         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012       126,753       126,148         Additional paid-in capital       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       (32,470)       (36,913)         Shareholder notes receivable       (221)       (283)	Current maturities of long-term debt	2,791		2,871
Deferred revenue       3,048       3,128         Other long-term liabilities       406       401         Total liabilities       32,881       37,172         Commitments and contingencies (See Note F)       Shareholders equity:         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012         Additional paid-in capital       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       (32,470)       (36,913)         Shareholder notes receivable       (221)       (283)	Total current liabilities	22,723		28,278
Deferred revenue       3,048       3,128         Other long-term liabilities       406       401         Total liabilities       32,881       37,172         Commitments and contingencies (See Note F)       Shareholders equity:         Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012         Additional paid-in capital       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       (32,470)       (36,913)         Shareholder notes receivable       (221)       (283)	Long-term debt, less current maturities	6,704		5,365
Total liabilities 32,881 37,172  Commitments and contingencies (See Note F)  Shareholders equity:  Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012  Additional paid-in capital 126,753 126,148  Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012 (32,470) (36,913)  Shareholder notes receivable (221) (283)	Deferred revenue	3,048		3,128
Commitments and contingencies (See Note F)  Shareholders equity:  Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012  Additional paid-in capital 126,753 126,148  Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012 (32,470) (36,913)  Shareholder notes receivable (221) (283)	Other long-term liabilities	406		401
Shareholders equity:  Common stock, no par value: Shares authorized: 200,000,000 at March 31, 2012 and September 30, 2012; shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding: 22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012  Additional paid-in capital 126,753 126,148  Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012 (32,470) (36,913) Shareholder notes receivable (221) (283)	Total liabilities	32,881		37,172
shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding:  22,785,258 and 20,753,923 at March 31, 2012 and September 30, 2012  Additional paid-in capital  Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012  (32,470)  (36,913)  Shareholder notes receivable  (221)	Commitments and contingencies (See Note F) Shareholders equity:			
Additional paid-in capital       126,753       126,148         Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012       (32,470)       (36,913)         Shareholder notes receivable       (221)       (283)	shares issued: 30,445,479 and 30,482,026 at March 31, 2012 and September 30, 2012; shares outstanding:			
Treasury stock: 7,660,221 and 9,728,103 common shares at March 31, 2012 and September 30, 2012 (32,470) (36,913 Shareholder notes receivable (221)	•	126.753		126.148
Shareholder notes receivable (221)				
	Shareholder notes receivable			(283)
	Retained deficit	. ,		(12,892)

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Total shareholders equity	92,769	76,060
Total liabilities and shareholders equity	\$ 125,650	\$ 113,232

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

#### ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except share and per share amounts)

	Three Months Ended September 30, 2011 2012			Six Months Ended September 30, 2011 2012					
Product revenue	\$	30,111	\$	16,931	\$	47,472	\$	30,511	
Service revenue		3,364		2,477		4,224		4,207	
Total revenue		33,475		19,408		51,696		34,718	
Cost of product revenue		21,447		11,867		33,039		21,464	
Cost of service revenue		2,647		1,736		3,269		3,076	
Total cost of revenue		24,094		13,603		36,308		24,540	
Gross profit		9.381		5,805		15,388		10,178	
Operating expenses:		,		,		,		,	
General and administrative		2,725		4,638		5,800		7,940	
Sales and marketing		3,729		4,561		7,504		8,513	
Research and development		593		710		1,215		1,407	
Total operating expenses		7,047		9,909		14,519		17,860	
Income (loss) from operations		2,334		(4,104)		869		(7,682)	
Other income (expense):		,							
Interest expense		(150)		(142)		(237)		(303)	
Interest income		214		218		368		443	
Total other income		64		76		131		140	
Income (loss) before income tax		2,398		(4,028)		1,000		(7,542)	
Income tax expense		1,040		5,631		434		4,057	
•									
Net income (loss)	\$	1,358	\$	(9,659)	\$	566	\$	(11,599)	
Basic net income (loss) per share attributable to common									
shareholders	\$	0.06	\$	(0.46)	\$	0.02	\$	(0.53)	
Weighted-average common shares outstanding		,989,502		,075,624		,955,655		,814,321	
Diluted net income (loss) per share attributable to common		,		, ,		, ,		, ,	
shareholders	\$	0.06	\$	(0.46)	\$	0.02	\$	(0.53)	
Weighted-average common shares outstanding		369,520		,075,624		,380,375	21,814,321		

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

#### ORION ENERGY SYSTEMS, INC. AND SUBSIDIARIES

#### UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

#### $(in\ thousands)$

	Six Months Ended Sept 2011		tember 30, 2012	
Operating activities				
Net income (loss)	\$	566	\$	(11,599)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization		1,890		2,230
Stock-based compensation expense		657		770
Deferred income tax (benefit) expense		(538)		3,945
(Gain) Loss on sale of property and equipment		(1)		30
Provision for bad debts		159		100
Other		38		34
Changes in operating assets and liabilities:				
Accounts receivable, current and long-term		3,157		440
Inventories, current and long-term	(	(3,227)		(224)
Deferred contract costs		6,682		(2,571)
Prepaid expenses and other assets	(	2,330)		445
Accounts payable	(	2,099)		866
Accrued expenses		370		1,985
Deferred revenue	(	3,940)		1,222
Net cash provided by (used in) operating activities		1,384		(2,327)
Investing activities				
Purchase of property and equipment	(	2,003)		(1,715)
Purchase of property and equipment held under operating leases		(3		