ORMAT TECHNOLOGIES, INC.
Form 10-Q/A
June 19, 2018

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

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

For the quarterly period ended June 30, 2017

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	**88-0326081**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
6225 Neil Road, Reno, Nevada	**89511-1136**
(Address of principal executive offices)	*(Zip Code)*

(775) 356-9029

(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 (§ 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
Emerging growth company		(Do not check if a smaller reporting company)	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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: As of August 3, 2017, the number of outstanding shares of common stock, par value $0.001 per share, was 49,910,280.

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Certain Definitions

For convenience purposes in this filing on Form 10-Q/A, all references to “Ormat”, “the Company”, “we”, “us”, “our compa “Ormat Technologies” or “our” refer to Ormat Technologies, Inc. and its consolidated subsidiaries.

Explanatory Note

This Amendment No. 1 to Form 10-Q (this “Amendment”) amends the Quarterly Report on Form 10-Q for the three and six months ended June 30, 2017 originally filed with the Securities and Exchange Commission (“SEC”) on August 8, 2017 (the “Original Filing”) by Ormat Technologies, Inc..

Restatement

As further discussed in Note 1 to our unaudited condensed consolidated financial statements in Part I, Item 1, "Financial Statements" of this Amendment, on May 16, 2018, we concluded that we would restate our previously issued consolidated financial statements as of and for the year ended December 31, 2017 to correct for (i) errors in our income tax provision, primarily related to the Company's ability to utilize Federal tax credits in the United States (“U.S.”) prior to their expiration starting in 2027, and the resulting impact on the Company's deferred tax asset valuation allowance, and (ii) the inappropriate netting of certain deferred income tax assets and deferred income tax liabilities across different tax jurisdictions that was not permissible under U.S. generally accepted accounting principles (“GAAP”). In addition, there were other immaterial prior period errors, including an out-of-period adjustment that had been previously recorded for the correction of an understated liability for unrecognized tax benefits related to intercompany interest. We also concluded that we would revise our previously issued consolidated financial statements as of and for the year ended December 31, 2016 and for the year ended December 31, 2015 to correct for errors in our income tax provision, primarily related to the translation of deferred tax liabilities in a foreign subsidiary. The restatement, for 2017, and revision, for 2016 and 2015, is being effected through the Company’s filing of an amendment on Form 10-K/A for the year ended December 31, 2017. In connection with these restatements and revisions, the Company also recorded adjustments to correct other immaterial tax errors. This decision to restate and revise our previously issued financial statements was approved by, and with the continuing oversight of, the Company’s Board of Directors upon the recommendation of its Audit Committee.

These error corrections also resulted in the restatement, for 2017, and revision, for 2016, of the Company’s previously issued unaudited condensed consolidated financial statements for the three and six months ended June 30, 2017 and 2016, respectively, which is being effected through the Company’s filing of this Amendment, and the three and nine months ended September 30, 2017 and 2016, respectively, which restatement and revision has been effected through the Company’s filing of an amendment on Form 10-Q/A for the quarter ended September 30, 2017. The revision of the Company’s previously issued unaudited condensed consolidated financial statements for the quarter ended March 31, 2017 will be effected in connection with the Company’s filing of its Form 10-Q for the quarter ended March 31, 2018. The impact of the revision for the quarters ended March 31, 2017 and 2016 is also discussed in Note 1 to our unaudited condensed consolidated financial statements in Part I, Item 1, "Financial Statements" of this Amendment.

Internal Control Over Financial Reporting

Management has reassessed its evaluation of the effectiveness of the design and operation of its disclosure controls and procedures as of June 30, 2017. As a result of that reassessment, management has concluded that the Company did not maintain effective disclosure controls and procedures due to the material weakness in internal control over financial reporting which existed at that date. For a description of the material weakness in internal control over financial reporting and actions taken, and to be taken, to address the evaluation of the material weakness, see Part 1, Item 4. "Controls and Procedures" of this Amendment.

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Amendment

The purpose of this Amendment is to (i) restate the Company's previously issued unaudited condensed consolidated financial statements and related disclosures as of and for the three and six months ended June 30, 2017; (ii) revise the Company's unaudited condensed consolidated financial statements for the three and six months ended June 30, 2016 and (iii) revise the Company's condensed consolidated balance sheet as of December 31, 2016, which was derived from the audited consolidated financial statements, which have been revised as described above, but does not include all disclosures required by GAAP, all contained in Part I, Item 1. "Financial Statements" of this Amendment. This Amendment also includes (a) an amended Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" to reflect the correction of the errors described above, and (b) an amended Part I, Item 4. "Controls and Procedures" to restate the conclusion on the effectiveness of disclosure controls and procedures. Disclosure controls and procedures were deemed effective in the Original Filing on August 8, 2017 and are deemed ineffective as a result of the material weakness described in Part I, Item 4. "Controls and Procedures" of this Amendment. In addition, the Company has updated Note 12 to the condensed consolidated financial statements contained in Part I, Item 1. "Financial Statements" to include disclosure of subsequent events occurring through the date of the filing of this Amendment.

Except as expressly set forth herein, this Amendment does not reflect events occurring after the date of the Original Filing or modify or update any of the other disclosures contained therein in any way other than as required to reflect the amendment discussed above. Accordingly, this Amendment should be read in conjunction with the Original Filing and our other filings with the SEC.

Items Amended in this Filing

For reasons discussed above, we are filing this Amendment in order to amend the following items in our Original Report to the extent necessary to reflect the adjustments discussed above and make corresponding revisions to our financial data cited elsewhere in this Amendment:

Part I, Item 1. Financial Statements
Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations
Part I, Item 4. Controls and Procedures

In accordance with applicable SEC rules, this Amendment includes new certifications required by Rule 13a-14 under the Securities Exchange Act of 1934 from our Chief Executive Officer and Chief Financial Officer dated as of the date of filing of this Amendment.

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ORMAT TECHNOLOGIES, INC.

FORM 10-Q/A

FOR THE QUARTER ENDED JUNE 30, 2017

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PART I - FINANCIAL INFORMATION

ITEM 1.
FINANCIAL
STATEMENTS
ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2017 (As restated)	December 31, 2016
	(Dollars in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$118,390	$230,214
Restricted cash and cash equivalents (primarily related to VIEs)	49,510	34,262
Receivables:		
Trade	79,587	80,807
Other	20,128	17,482
Inventories	18,569	12,000
Costs and estimated earnings in excess of billings on uncompleted contracts	59,901	52,198
Prepaid expenses and other	41,151	45,867
Total current assets	387,236	472,830
Investment in an unconsolidated company	13,957	—
Deposits and other	18,125	18,553
Deferred charges	43,598	43,773
Property, plant and equipment, net ($1,449,920 and $1,483,224 related to VIEs, respectively)	1,526,485	1,556,378
Construction-in-process ($159,612 and $120,853 related to VIEs, respectively)	408,939	306,709
Deferred financing and lease costs, net	5,186	3,923
Intangible assets, net	86,986	52,753
Goodwill	20,121	6,650
Total assets	$2,510,633	$2,461,569
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$101,827	$91,650
Short term revolving credit lines with banks (full recourse)	30,000	—
Billings in excess of costs and estimated earnings on uncompleted contracts	17,574	31,630
Current portion of long-term debt:		
Limited and non-recourse (primarily related to VIEs):		
Senior secured notes	32,608	32,234
Other loans	21,495	21,495
Full recourse	10,673	12,242
Total current liabilities	214,177	189,251

Long-term debt, net of current portion:		
Limited and non-recourse (primarily related to VIEs):		
Senior secured notes (less deferred financing costs of $8,528 and $9,177, respectively)	334,365	350,388
Other loans (less deferred financing costs of $5,957 and $6,409, respectively)	252,085	261,845
Full recourse:		
Senior unsecured bonds (less deferred financing costs of $654 and $755, respectively)	203,678	203,577
Other loans (less deferred financing costs of $1,206 and $1,346, respectively)	52,742	57,063
Investment in an unconsolidated company in excess of accumulated losses	—	11,081
Liability associated with sale of tax benefits	48,810	54,662
Deferred lease income	53,036	54,561
Deferred income tax liabilities	72,311	36,411
Liability for unrecognized tax benefits	6,015	6,444
Liabilities for severance pay	21,025	18,600
Asset retirement obligation	24,267	23,348
Other long-term liabilities	22,823	21,294
Total liabilities	1,305,334	1,288,525
Commitments and contingencies (Note 10)		
Redeemable noncontrolling interest	5,898	4,772
Equity:		
The Company's stockholders' equity:		
Common stock, par value $0.001 per share; 200,000,000 shares authorized; 49,910,280 and 49,667,340 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively	50	50
Additional paid-in capital	875,591	869,463
Retained earnings	246,760	215,352
Accumulated other comprehensive loss	(7,325)	(8,175)
Total stockholders' equity attributable to the Company's stockholders	1,115,076	1,076,690
Noncontrolling interest	84,325	91,582
Total equity	1,199,401	1,168,272
Total liabilities, redeemable noncontrolling interest and equity	$2,510,633	$2,461,569

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

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ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30, 2017 (As restated)	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017 (As restated)	Six Months Ended June 30, 2016
	(Dollars in thousands, except per share data)		(Dollars in thousands, except per share data)	
Revenues:				
Electricity	$111,777	$104,001	$227,553	$211,869
Product	67,587	55,860	141,709	99,586
Total revenues	179,364	159,861	369,262	311,455
Cost of revenues:				
Electricity	65,439	62,243	131,475	125,929
Product	43,432	31,822	92,884	55,857
Total cost of revenues	108,871	94,065	224,359	181,786
Gross profit	70,493	65,796	144,903	129,669
Operating expenses:				
Research and development expenses	1,050	595	1,652	944
Selling and marketing expenses	4,090	3,668	8,453	7,343
General and administrative expenses	12,201	8,783	22,150	17,532
Write-off of unsuccessful exploration activities	—	863	—	1,420
Operating income	53,152	51,887	112,648	102,430
Other income (expense):				
Interest income	362	245	606	565
Interest expense, net	(14,540)	(18,401)	(29,463)	(34,424)
Derivatives and foreign currency transaction gains (losses)	1,703	(4,332)	3,041	(2,370)
Income attributable to sale of tax benefits	4,356	4,519	10,513	8,917
Other non-operating income (expense), net	6	49	(86)	240
Income from continuing operations before income taxes and equity in losses of investees	45,039	33,967	97,259	75,358
Income tax (provision) benefit	(32,765)	(8,515)	(43,769)	(17,594)
Equity in losses of investees, net	(428)	(1,144)	(2,027)	(2,081)
Income from continuing operations	11,846	24,308	51,463	55,683
Net income attributable to noncontrolling interest	(3,206)	(584)	(7,629)	(2,258)
Net income attributable to the Company's stockholders	$8,640	$23,724	$43,834	$53,425
Comprehensive income:				
Net income	11,846	24,308	51,463	55,683

Other comprehensive income (loss), net of related taxes:				
Change in foreign currency translation adjustments	1,461	—	1,539	—
Change in unrealized gains or losses in respect of the Company's share in derivatives instruments of unconsolidated investment	(916)	(1,987)	(347)	(5,166)
Loss in respect of derivative instruments designated for cash flow hedge	45	35	93	70
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge	(15)	(24)	(39)	(48)
Comprehensive income	12,421	22,332	52,709	50,539
Comprehensive income attributable to noncontrolling interest	(3,613)	(584)	(8,025)	(2,258)
Comprehensive income attributable to the Company's stockholders	$8,808	$21,748	$44,684	$48,281
Earnings per share attributable to the Company's stockholders:				
Basic:				
Net income	$0.17	$0.48	$0.88	$1.08
Diluted:				
Net income	$0.17	$0.47	$0.87	$1.07
Weighted average number of shares used in computation of earnings per share attributable to the Company's stockholders:				
Basic	49,771	49,456	49,726	49,314
Diluted	50,624	50,137	50,559	49,977
Dividend per share declared	$0.08	$0.07	$0.25	$0.38

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

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ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

	The Company's Stockholders' Equity							
			Additional	Retained Earnings	Accumulated Other			
	Common Stock		Paid-in	(Accumulated	Income		Noncontrolling	Total
	Shares	Amount	Capital	Deficit)	(Loss)	Total	Interest	Equity
	(Dollars in thousands, except per share data)							
Balances at December 31, 2015	49,107	$ 49	$ 849,223	$ 152,326	$ (8,164)	$ 993,434	$ 93,873	$ 1,087,307
Stock-based compensation	—	—	1,659	—	—	1,659	—	1,659
Exercise of options by employees and directors	460	—	5,945	—	—	5,945	—	5,945
Cash paid to non controlling interest	—	—	—	—	—	—	(5,752)	(5,752)
Cash dividend declared, $0.38 per share	—	—	—	(18,998)	—	(18,998)	—	(18,998)
Net income	—	—	—	53,425	—	53,425	2,258	55,683
Other comprehensive income (loss), net of related taxes:								
Loss in respect of derivative instruments designated for cash flow hedge	—	—	—	—	70	70	—	70
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of unconsolidated investment	—	—	—	—	(5,166)	(5,166)	—	(5,166)
Amortization of unrealized gains in	—	—	—	—	(48)	(48)	—	(48)

respect of derivative instruments designated for cash flow hedge (net of related tax of $30)								
Balances at June 30, 2016	49,567	$ 49	$ 856,827	$ 186,753	$ (13,308)	$ 1,030,321	$ 90,379	$ 1,120,700
Balances at December 31, 2016	49,667	$ 50	$ 869,463	$ 215,352	$ (8,175)	$ 1,076,690	$ 91,582	$ 1,168,272
Stock-based compensation	—	—	5,343	—	—	5,343	—	5,343
Exercise of options by employees and directors	243	—	785	—	—	785	—	785
Cash paid to noncontrolling interest	—	—	—	—	—	—	(14,594)	(14,594)
Cash dividend declared, $0.25 per share	—	—	—	(12,426)	—	(12,426)	—	(12,426)
Net income (As restated)	—	—	—	43,834	—	43,834	6,941	50,775
Other comprehensive income (loss), net of related taxes:								
Currency translation adjustment	—	—	—	—	1,143	1,143	396	1,539
Loss in respect of derivative instruments designated for cash flow hedge (As restated)	—	—	—	—	93	93	—	93
Change in unrealized gains or losses in respect of the Company's share in derivative instruments of unconsolidated investment	—	—	—	—	(347)	(347)	—	(347)
Amortization of unrealized gains in respect of derivative instruments designated for cash flow hedge (net of	—	—	—	—	(39)	(39)	—	(39)

related tax of $24)

Balances at June 30, 2017 (As restated)	49,910	$ 50	$ 875,591	$ 246,760	$ (7,325)	$ 1,115,076	$ 84,325	$ 1,199,401

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

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ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30, 2017 (As restated)	2016
	(Dollars in thousands)	
Cash flows from operating activities:		
Net income	$51,463	$55,683
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	54,082	51,258
Amortization of premium from senior unsecured bonds	—	(154)
Accretion of asset retirement obligation	919	821
Stock-based compensation	5,343	1,659
Amortization of deferred lease income	(1,343)	(1,343)
Income attributable to sale of tax benefits, net of interest expense	(6,844)	(5,076)
Equity in losses of investees	2,027	2,081
Mark-to-market of derivative instruments	(2,462)	(162)
Write-off of unsuccessful exploration activities	—	1,420
Gain on severance pay fund asset	(1,537)	(253)
Deferred income tax provision and deferred charges	34,771	13,254
Liability for unrecognized tax benefits	395	(216)
Deferred lease revenues	(182)	169
Changes in operating assets and liabilities, net of amounts acquired:		
Receivables	(625)	(10,206)
Costs and estimated earnings in excess of billings on uncompleted contracts	(7,703)	9,861
Inventories	(103)	1,384
Prepaid expenses and other	1,820	(11,007)
Deposits and other	652	(153)
Accounts payable and accrued expenses	(4,636)	1,808
Billings in excess of costs and estimated earnings on uncompleted contracts	(14,056)	9,020
Liabilities for severance pay	2,425	(297)
Other long-term liabilities	(248)	22
Net cash provided by operating activities	114,158	119,573
Cash flows from investing activities:		
Net change in restricted cash, cash equivalents and marketable securities	(15,248)	11,498
Capital expenditures	(116,015)	(67,779)
Investment in unconsolidated companies	(27,412)	—
Cash paid for acquisition of controlling interest in a subsidiary, net of cash acquired	(35,300)	—
Decrease (increase) in severance pay fund asset, net of payments made to retired employees	(130)	992
Net cash used in investing activities	(194,105)	(55,289)

Cash flows from financing activities:		
Proceeds from exercise of options by employees	785	5,945
Proceeds from revolving credit lines with banks	437,500	134,500
Repayment of revolving credit lines with banks	(407,500)	(134,500)
Cash received from noncontrolling interest	2,017	1,972
Repayments of long-term debt	(33,177)	(31,386)
Cash paid to noncontrolling interest	(14,594)	(12,249)
Payments of capital leases	(751)	—
Deferred debt issuance costs	(3,731)	(2,931)
Cash dividends paid	(12,426)	(18,998)
Net cash used in financing activities	(31,877)	(57,647)
Net change in cash and cash equivalents	(111,824)	6,637
Cash and cash equivalents at beginning of period	230,214	185,919
Cash and cash equivalents at end of period	$118,390	$192,556
Supplemental non-cash investing and financing activities:		
Increase (decrease) in accounts payable related to purchases of property, plant and equipment	$2,338	$(6,956)
Accrued liabilities related to financing activities	$—	$6,128

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

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ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 — GENERAL AND BASIS OF PRESENTATION

These unaudited condensed consolidated interim financial statements of Ormat Technologies, Inc. and its subsidiaries (collectively, the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) for interim financial statements. Accordingly, they do not contain all information and notes required by U.S. GAAP for annual financial statements. In the opinion of management, these unaudited condensed consolidated interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company’s consolidated financial position as of June 30, 2017, the consolidated results of operations and comprehensive income (loss) for the three and six months ended June 30, 2017 and 2016 and the consolidated cash flows for the six months ended June 30, 2017 and 2016.

The financial data and other information disclosed in the notes to the condensed consolidated financial statements related to these periods are unaudited. The results for the three and six months ended June 30, 2017 are not necessarily indicative of the results to be expected for the year ending December 31, 2017.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. The condensed consolidated balance sheet data as of December 31, 2016 was derived from the Company’s audited consolidated financial statements for the year ended December 31, 2016, but does not include all disclosures required by U.S. GAAP. As discussed in the Explanatory Note to this amended Form 10-Q, the 2016 financial statements will be revised, which revision is being effected through the Company’s filing of an amendment on Form 10-K/A for the year ended December 31, 2017.

Dollar amounts, except per share data, in the notes to these financial statements are rounded to the closest $1,000.

Restatement of previously issued condensed consolidated financial statements

As described further in Note 11, in the second quarter of 2017, the Company partially released its valuation allowance against the U.S. deferred tax assets. During the first quarter of 2018, the Company concluded that there were material tax provision and related balance sheet errors in its previously issued financial statements as of and for the three and six months ended June 30, 2017, primarily relating to the Company's ability to utilize Federal tax credits in the U.S. prior to their expiration starting in 2027, and the resulting impact on the Company's deferred tax asset valuation allowance. Specifically, the error in the deferred tax asset valuation allowance resulted in an understatement of the income tax provision and an overstatement of net income of $26.4 million and $26.5 million for the three and six months ended June 30, 2017, respectively. As a result of such errors, the Company concluded that the previously issued unaudited condensed consolidated financial statements as of and for the three and six months ended June 30, 2017 were materially misstated, and, accordingly, has restated these financial statements. Included in such restatement is also the correction of other immaterial tax errors, including an out-of-period adjustment that had been previously recorded for the correction of an understated liability for unrecognized tax benefits related to intercompany interest.

Revision of previously issued condensed consolidated financial statements

The Company had previously identified certain other tax errors, including a prior period error related to the translation of deferred tax liabilities in the Company's Kenyan subsidiary and an error in the effective tax rate calculation in the first quarter of 2016, which were previously determined to be immaterial and were previously corrected for as out-of-period adjustments in the period of identification.

The Company assessed the materiality of these errors in accordance with the SEC's Staff Accounting Bulletin ("SAB") Topic 1.M, Materiality, codified in ASC Topic 250, Presentation of Financial Statements ("ASC 250"), and concluded that the previously issued unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 and 2016 and the three and six months ended June 30, 2016 were not materially misstated; however, in order to correctly reflect the immaterial adjustments as described above in the appropriate period, management has elected to revise the affected previously issued financial statements in this Form 10-Q/A filing. As a result, the revised condensed consolidated financial statements for the three and six months ended June 30, 2016 reflect a $0.6 million and $0.2 million increase, respectively, in the tax provision, with a corresponding decrease in net income and comprehensive income. In addition, the revised condensed consolidated financial statements for the three months ended March 31, 2017 and 2016 reflect a $0.1 million increase and a $0.4 million decrease, respectively, in the tax provision, with a corresponding impact to net income and comprehensive income. The impact of the revision as of January 1 and December 31, 2016 was an increase of $3.9 million and decrease of $1.3 million, respectively, to retained earnings, as a result of certain tax errors originating in periods prior to 2016, primarily related to the error in the determination of the exchange rate used in the translation of deferred tax liabilities in the Company's Kenyan subsidiary.

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ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

The effects of the 2017 restatement and the 2016 revision on the line items within the Company's condensed consolidated balance sheets as of June 30, 2017 and December 31, 2016 are as follows (in thousands):

	June 30, 2017			**December 31, 2016**		
	As originally reported	**Adjustments**	**As Restated**	**As originally reported**	**Adjustments**	**As Revised**
Deferred income tax liabilities	$44,113	$ 28,198	$72,311	$35,382	$ 1,029	$36,411
Liability for unrecognized tax benefits	6,015	-	6,015	5,738	706	6,444
Total liabilities	1,277,136	28,198	1,305,334	1,286,790	1,735	1,288,525
Retained earnings	274,566	(27,806)	246,760	216,644	(1,292)	215,352
Accumulated other comprehensive loss	(6,933)	(392)	(7,325)	(7,732)	(443)	(8,175)
Total stockholders' equity attributable to the Company's stockholders	1,143,274	(28,198)	1,115,076	1,078,425	(1,735)	1,076,690
Total equity	1,227,599	(28,198)	1,199,401	1,170,007	(1,735)	1,168,272

The effects of the 2017 restatement and 2016 revision on the line items within the Company's condensed consolidated statements of operations and comprehensive income for the three and six months ended June 30, 2017 and 2016 are as follows (in thousands):

	Three months ended June 30, 2017			**Six months ended June 30, 2017**		
	As originally reported	**Adjustments**	**As Restated**	**As originally reported**	**Adjustments**	**As Restated**
Income tax provision	$(6,369)	$ (26,396)	$(32,765)	$(17,255)	$ (26,514)	$(43,769)
Income from continuing operations	38,242	(26,396)	11,846	77,977	(26,514)	51,463
Net income attributable to the Company's stockholders	35,036	(26,396)	8,640	70,348	(26,514)	43,834
	20	25	45	42	51	93

Loss in respect of derivative instruments designated for cash flow hedge						
Comprehensive income	38,792	(26,371)	12,421	79,172	(26,463)	52,709
Comprehensive income attributable to the Company's stockholders	35,179	(26,371)	8,808	71,147	(26,463)	44,684
Net income per share attributable to the Company's stockholders						
Basic:	$0.70	$ (0.53)	$0.17	$1.41	$ (0.53)	$0.88
Diluted:	$0.69	$ (0.52)	$0.17	$1.39	$ (0.52)	$0.87

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ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

	Three months ended June 30, 2016			Six months ended June 30, 2016		
	As originally reported	Adjustments	As Revised	As originally reported	Adjustments	As Revised
Income tax provision	$(7,890)	$ (625)	$(8,515)	$(17,399)	$ (195)	$(17,594)
Income from continuing operations	24,933	(625)	24,308	55,878	(195)	55,683
Net income attributable to the Company’s stockholders	24,349	(625)	23,724	53,620	(195)	53,425
Loss in respect of derivative instruments designated for cash flow hedge	22	13	35	43	27	70
Comprehensive income	22,944	(612)	22,332	50,707	(168)	50,539
Comprehensive income attributable to the Company’s stockholders	22,360	(612)	21,748	48,449	(168)	48,281
Net income per share attributable to the Company’s stockholders						
Basic:	$0.49	$ (0.01)	$0.48	$1.09	$ (0.01)	$1.08
Diluted:	$0.49	$ (0.02)	$0.47	$1.07	$ -	$1.07

The effects of the 2017 restatement and 2016 revision on the line items within the Company’s condensed consolidated statements of equity for the six months ended June 30, 2017 and 2016 are as follows (in thousands):

	As originally reported	Adjustments	As Revised
Balances as of December 31, 2015:			
Retained earnings	$148,396	$ 3,930	$152,326
Accumulated other comprehensive loss	(7,667)	(497)	(8,164)
Total stockholders’ equity attributable to the Company’s stockholders	990,001	3,433	993,434
Total equity	1,083,874	3,433	1,087,307
Net income for the six months ended June 30, 2016	55,878	(195)	55,683
Net income attributable to the Company’s stockholders for the six months ended June 30, 2016	53,620	(195)	53,425
	43	27	70

Loss in respect of derivative instruments designated for cash flow hedge for the six months ended June 30, 2016			
Balances as of June 30, 2016:			
Retained earnings	183,018	3,735	186,753
Accumulated other comprehensive loss	(12,838)	(470)	(13,308)
Total stockholders' equity attributable to the Company's stockholders	1,027,056	3,265	1,030,321
Total equity	1,117,435	3,265	1,120,700

	As originally reported	**Adjustments**	**As Restated**
Balances as of December 31, 2016:			
Retained earnings	$216,644	$ (1,292)	$215,352
Accumulated other comprehensive loss	(7,732)	(443)	(8,175)
Total stockholders' equity attributable to the Company stockholders	1,078,425	(1,735)	1,076,690
Total equity	1,170,007	(1,735)	1,168,272
Net income for the six months ended June 30, 2017	77,289	(26,514)	50,775
Net income attributable to the Company's stockholders for the six months ended June 30, 2017	70,348	(26,514)	43,834
Loss in respect of derivative instruments designated for cash flow hedge for the six months ended June 30, 2017	42	51	93
Balances as of June 30, 2017:			
Retained earnings	274,566	(27,806)	246,760
Accumulated other comprehensive loss	(6,933)	(392)	(7,325)
Total stockholders' equity attributable to the Company's stockholders	1,143,274	(28,198)	1,115,076
Total equity	1,227,599	(28,198)	1,199,401

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ORMAT TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

(Unaudited)

Although there was no impact to net cash provided by operating activities, net cash used in investing activities or net cash used in financing activities, the effects of the 2017 restatement and the 2016 revision on the line items within the condensed consolidated statements of cash flows for the six months ended June 30, 2017 and 2016 are as follows (in thousands):

	Six months ended June 30, 2017			**Six months ended June 30, 2016**		
	As previously reported	**Adjustments**	**As Restated**	**As previously reported**	**Adjustments**	**As Revised**
Cash flows from operating activities:						
Net income	$77,977	$ (26,514)	$51,463	$55,878	$ (195)	$55,683
Deferred income tax provision	8,375	26,396	34,771	13,254	-	13,254
Liability for unrecognized tax benefits	277	118	395	(411)	195	(216)
Net cash provided by operating activities	114,158	-	114,158	119,573	-	119,573

The impacts of the restatement and revision have been reflected throughout the financial statements, including the applicable footnotes, as appropriate. This resulted in changes to the deferred tax balances, valuation allowance and effective tax rate, together with other disclosures in Note 11.

SCPPA power purchase agreement

During the second quarter of 2017, ONGP LLC ("ONGP"), one of the Company's wholly-owned subsidiaries, entered into a Power Purchase Agreement ("PPA") with Southern California Public Power Authority ("SCPPA"), pursuant to which ONGP will sell, and SCPPA will purchase, geothermal power generated by a portfolio of nine different geothermal power plants, owned by the Company and located in the US. The parties' obligations under the PPA are based on a geothermal power generation capacity of 150 MW, and, pursuant to the PPA, ONGP is required to deliver a minimum of 135 MW and is entitled to deliver a maximum of 185 MW to SCPPA over the next five years. The portfolio PPA is for a term of approximately 26 years, expiring in December 31, 2043 and has a fixed price of $75.50 per MWh.

Assertion of permanent reinvestment of foreign unremitted earnings in a subsidiary

During the second quarter of 2017, in conjunction with the (i) final approval of the SCPPA PPA which will require the Company to make significant capital expenditures in the U.S., (ii) the fact that the Company is currently looking for acquisitions in the U.S., and (iii) the acquisition of Viridity for a price of $35.3 million with two additional earn-out payments expected to be made in 2018 and 2021, the Company has re-evaluated its position with respect to a portion of the unrepatriated earnings of Ormat Systems ("OSL"), its fully owned Subsidiary in Israel, and after consideration of the aforementioned change in facts, determined that it can no longer maintain the permanent reinvestment position with respect