AMERICAN SUPERCONDUCTOR CORP /DE/
Form 10-Q
February 06, 2014

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: December 31, 2013

¨ 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: 0-19672

American Superconductor Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	04-2959321 (I.R.S. Employer Identification No.)
64 Jackson Road, Devens, Massachusetts (Address of principal executive offices)	01434 (Zip Code)

(978) 842-3000

(Registrant’s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 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 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 “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer x	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	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 x

Shares outstanding of the Registrant’s common stock:

Common Stock, par value $0.01 per share	68,139,646
Class	Outstanding as of February 3, 2014

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2013	March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,394	$ 39,243
Accounts receivable, net	8,525	18,864
Inventory	25,167	33,473
Prepaid expenses and other current assets	19,538	22,469
Restricted cash	1,405	6,136
Total current assets	90,029	120,185
Property, plant and equipment, net	67,163	74,626
Intangibles, net	2,147	2,749
Restricted cash	4,901	4,820
Deferred tax assets	5,421	5,354
Other assets	8,710	9,020
Total assets	$ 178,371	$ 216,754
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 23,503	$ 30,138
Note payable, current portion, net of discount of $677 as of December 31, 2013 and $458 as of March 31, 2013	6,272	4,158
Convertible note, current portion, net of discount of $1,287 as of December 31, 2013 and $4,289 as of March 31, 2013	9,125	4,610
Derivative liability	2,587	4,162
Adverse purchase commitments	429	1,440
Deferred revenue	10,023	29,805
Deferred tax liabilities	5,440	5,444
Total current liabilities	57,379	79,757
	7,283	3,367

Note payable, net of discount of $384 as of December 31, 2013 and $95 as of March 31, 2013		
Convertible note, net of discount of $600 as of March 31, 2013	-	5,881
Deferred revenue	1,318	1,340
Other liabilities	1,179	1,291
Total liabilities	67,159	91,636
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Common stock	673	603
Additional paid-in capital	942,466	923,847
Treasury stock	(370)	(313)
Accumulated other comprehensive income	2,127	1,112
Accumulated deficit	(833,684)	(800,131)
Total stockholders' equity	111,212	125,118
Total liabilities and stockholders' equity	$ 178,371	$216,754

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Revenues	$20,563	$17,417	$67,830	$67,000
Cost and operating expenses:				
Cost of revenues	15,863	16,533	56,461	53,843
Research and development	2,951	3,948	9,061	11,480
Selling, general and administrative	8,232	10,769	27,741	36,304
Restructuring and impairments	108	6,702	872	6,845
Amortization of acquisition related intangibles	84	81	247	242
Total cost and operating expenses	27,238	38,033	94,382	108,714
Operating loss	(6,675)	(20,616)	(26,552)	(41,714)
Change in fair value of derivatives and warrants	535	5,217	1,890	6,114
Interest expense, net	(1,634)	(4,553)	(7,250)	(10,191)
Other expense, net	(341)	(109)	(908)	(1,252)
Loss before income tax (benefit) expense	(8,115)	(20,061)	(32,820)	(47,043)
Income tax (benefit) expense	302	74	733	(683)
Net loss	$(8,417)	$(20,135)	$(33,553)	$(46,360)
Net loss per common share				
Basic	$(0.14)	$(0.38)	$(0.55)	$(0.89)
Diluted	$(0.14)	$(0.38)	$(0.55)	$(0.89)
Weighted average number of common shares outstanding				
Basic	62,309	52,792	60,578	51,966
Diluted	62,309	52,792	60,578	51,966

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

AMERICAN SUPERCONDUCTOR CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In thousands)

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Net loss	$ (8,417)	$ (20,135)	$ (33,553)	$ (46,360)
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (losses) gains	358	521	1,015	(206)
Unrealized losses on investments	-	(8)	-	(9)
Total other comprehensive (loss) income, net of tax	358	513	1,015	(215)
Comprehensive loss	$ (8,059)	$ (19,622)	$ (32,538)	$ (46,575)

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

AMERICAN SUPERCONDUCTOR CORPORATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Nine months ended December 31, 2013	2012
Cash flows from operating activities:		
Net loss	$ (33,553)	$ (46,360)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	8,052	10,143
Stock-based compensation expense	7,328	5,968
Restructuring charges, net of payments	167	261
Impairment of long-lived and intangible assets	-	4,507
Provision for excess and obsolete inventory	287	957
Adverse purchase commitment losses (recoveries), net	-	(8,428)
Loss on minority interest investments	789	1,914
Change in fair value of derivatives and warrants	(1,890)	(6,114)
Non-cash interest expense	5,902	8,404
Other non-cash items	1,181	1,790
Changes in operating asset and liability accounts:		
Accounts receivable	10,414	6,085
Inventory	8,682	(8,173)
Prepaid expenses and other current assets	3,462	4,699
Accounts payable and accrued expenses	(8,612)	(20,330)
Deferred revenue	(20,575)	3,986
Net cash used in operating activities	(18,366)	(40,691)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(223)	(1,259)
Proceeds from the sale of property, plant and equipment	60	-
Proceeds from the maturity of marketable securities	-	5,297
Change in restricted cash	4,670	653
Change in other assets	(109)	-
Net cash provided by investing activities	4,398	4,691
Cash flows from financing activities:		
Employee taxes paid related to net settlement of equity awards	(57)	(42)
Proceeds from the issuance of debt, net of expenses	9,838	32,895
Repayment of debt	(3,462)	(769)
Proceeds from public equity offering, net	3,332	-
Proceeds from exercise of employee stock options and ESPP	99	178
Net cash provided by financing activities	9,750	32,262
	369	(84)

Effect of exchange rate changes on cash and cash equivalents		
Net decrease in cash and cash equivalents	(3,849)	(3,822)
Cash and cash equivalents at beginning of year	39,243	46,279
Cash and cash equivalents at end of year	$ 35,394	$ 42,457
Supplemental schedule of cash flow information:		
Cash paid for income taxes, net of refunds	$ -	$ (704)
Issuance of common stock to settle liabilities	7,931	10,406
Cash paid for interest	599	543

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

AMERICAN SUPERCONDUCTOR CORPORATION

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of the Business and Operations and Liquidity

Nature of the Business and Operations

American Superconductor Corporation (“AMSC” or the “Company”) was founded on April 9, 1987. The Company is a leading provider of megawatt-scale solutions that lower the cost of wind power and enhance the performance of the power grid. In the wind power market, the Company enables manufacturers to field wind turbines through its advanced engineering, support services and power electronics products. In the power grid market, the Company enables electric utilities and renewable energy project developers to connect, transmit and distribute power through its transmission planning services and power electronics and superconductor-based products. The Company’s wind and power grid products and services provide exceptional reliability, security, efficiency and affordability to its customers.

These unaudited condensed consolidated financial statements of the Company have been prepared on a going concern basis in accordance with United States generally accepted accounting principles (“GAAP”) and the Securities and Exchange Commission’s (“SEC”) instructions to Form 10-Q. The going concern basis of presentation assumes that the Company will continue operations and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. Certain information and footnote disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to those instructions. The year-end condensed balance sheet data was derived from audited financial statements but does not include all disclosures required by GAAP. The unaudited condensed consolidated financial statements, in the opinion of management, reflect all adjustments (consisting of normal recurring adjustments) necessary for a fair statement of the results for the interim periods ended December 31, 2013 and 2012 and the financial position at December 31, 2013.

Liquidity

The Company has experienced recurring operating losses and as of December 31, 2013, the Company had an accumulated deficit of $833.7 million. In addition, the Company has experienced recurring negative operating cash flows, which has resulted in a decrease in its cash balance. These factors raise substantial doubt about the Company’s ability to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of this uncertainty. At December 31, 2013, the Company had cash and cash equivalents of $35.4 million. Cash used in operations for the nine months ended December 31, 2013 was $18.4 million.

The Company expects that its cost reduction efforts undertaken to date will result in a reduction of cash used for operations during the fiscal year ending March 31, 2014, compared to the prior year. In July 2013, the Company reduced its workforce by approximately 7% and recorded restructuring charges for severance and other costs of approximately $0.1 million and $0.9 million during the three and nine months ended December 31, 2013, respectively. The Company plans to closely monitor its expenses and, if required, expects to further reduce operating costs and capital spending to enhance liquidity.

On April 4, 2012, the Company completed a private placement of $25.0 million aggregate principal amount of a 7% senior unsecured convertible note (the “Initial Note”). On December 20, 2012, the Company agreed to exchange the Initial Note for a new unsecured, senior convertible note (the “Exchanged Note”), which had the same principal amount and accrued interest as the Initial Note at the time of the exchange. (See Note 10, “Debt”, for further information regarding these debt arrangements, including the covenants, restrictions and events of default under the agreements.)

On June 5, 2012, the Company entered into a Loan and Security Agreement (the “Term Loan”), under which the Company borrowed $10.0 million. The Term Loan contains certain covenants and restrictions including, among others, a requirement to maintain a minimum unrestricted cash balance in the U.S. equal to the remaining principal balance. On November 15, 2013, the Company entered into an amendment of the Term Loan (the “New Term Loan”), under which the Company borrowed an additional $10.0 million. The New Term Loan contains covenants and restrictions similar to the existing Term Loan. (See Note 10, “Debt”, for further information regarding these debt arrangements, including the covenants, restrictions and events of default under the agreements.) The Company believes that it is in compliance with the covenants and restrictions included in the agreements governing these debt arrangements as of the date of this Quarterly Report on Form 10-Q.

On November 15, 2013, the Company entered into an At Market Sales Arrangement ("ATM") under which the Company may, at its discretion, sell up to $30.0 million of shares of its common stock (before expenses) through its sales agent, MLV & Co. LLC. During the three months ended December 31, 2013, the Company received net proceeds of $3.3 million from sales of common stock under the ATM. (See Note 12, "Stockholders' Equity", for further information regarding the ATM.)

In order for the Company to continue operations beyond the next twelve months and be able to discharge its liabilities and commitments in the normal course of business, the Company needs to increase sales through executing its strategy to broaden its customer base, enter new markets, and commercialize its superconductor product line. Otherwise, the Company may need to further reduce operating expenses in line with business conditions in order to decrease the amount of cash used in operations. The Company intends to work with the holder of its convertible note in order to maintain the ability to make monthly amortization payments on the convertible note in shares of common stock. In addition, the Company is actively seeking to sell its minority investments in Tres Amigas and Blade Dynamics and has engaged a financial advisor to assist with that effort. (See Note 14, "Minority Investments", for further information about such investments.) There can be no assurance that the Company will be able to sell one or both of these investments on commercially reasonable terms or at all. In addition, the Company maintains the ability to sell shares of common stock under the ATM at its discretion to enhance liquidity.

The Company must successfully execute on its plans to improve operating performance discussed above, raise additional capital either through the sale of one or both of its minority investments, or through the sale of shares of its common stock at its discretion under the ATM, and maintain the ability to pay monthly installment payments under the Exchanged Note in shares of common stock to ensure it has sufficient cash to fund its operations, capital expenditures and scheduled cash payments under its debt obligations through December 31, 2014. The Company's ability to pay required monthly installment payments under the Exchanged Note in equity instead of cash is based on certain stock price and trading volume conditions that are outside of the Company's control. If one or both of these equity conditions are not met (absent a waiver from the lender), the Company may be required to make required monthly installment payments in cash. As of the filing date of this Form 10-Q, the Company has only made payments to the lender in shares of common stock and as a result, the principal balance has been reduced by $14.6 million through December 31, 2013. If the Company fails one or both of the equity conditions, the Company can still make required payments in its common stock with a waiver from the lender, which has been provided in the past. There is no assurance that the lender will provide any waivers in the future. The Company's liquidity is highly dependent on the factors discussed above, and its ability to maintain compliance with the covenants and restrictions on its debt obligations (or obtain waivers from our lenders in the event of non-compliance). There can be no assurance that the Company will be able to raise additional capital or be able to sell one or both of its minority investments on commercially reasonable terms or at all.

The results of operations for an interim period are not necessarily indicative of the results of operations to be expected for the fiscal year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the fiscal year ended March 31, 2013 (fiscal 2012) which are contained in the Company's Annual Report on Form 10-K.

2. Stock-Based Compensation

The Company accounts for its stock-based compensation at fair value. The following table summarizes stock-based compensation expense by financial statement line item for the three and nine months ended December 31, 2013 and 2012 (in thousands):

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Cost of revenues	$ 330	$ 135	$ 758	$ 518
Research and development	913	627	2,073	1,781
Selling, general and administrative	1,797	1,167	4,497	3,669
Total	$ 3,040	$ 1,929	$ 7,328	$ 5,968

During the nine months ended December 31, 2013, the Company granted approximately 831,000 stock options, 1,307,000 restricted stock awards, 362,000 shares of performance-based restricted stock awards and issued 212,000 shares of common stock in-lieu of cash bonuses and severance payments to employees under the 2007 Stock Incentive Plan. The shares issued in-lieu of cash bonuses vested immediately. The shares issued in lieu of severance vested on the eighth day after receipt of an irrevocable release. The options and restricted stock awards granted vest upon the passage of time, generally 3 years. For options and awards that vest upon the passage of time, expense is being recorded over the vesting period. Performance-based restricted stock awards are expensed over the requisite service period.

The estimated fair value of the Company's stock-based awards, less expected annual forfeitures, is amortized over the awards' service period. The total unrecognized compensation cost for unvested outstanding stock options was $2.6 million at December 31, 2013. This expense will be recognized over a weighted average expense period of approximately 1.8 years. The total unrecognized compensation cost for unvested outstanding restricted stock was $4.5 million at December 31, 2013. This expense will be recognized over a weighted-average expense period of approximately 0.7 years.

The weighted-average assumptions used in the Black-Scholes valuation model for stock options granted during the three and nine months ended December 31, 2013 and 2012 are as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Expected volatility	N/A	72.4 %	75.1 %	72.0 %
Risk-free interest rate	N/A	1.0 %	1.7 %	0.9 %
Expected life (years)	N/A	5.9	5.9	5.9
Dividend yield	N/A	None	None	None

The expected volatility rate was estimated based on an equal weighting of the historical volatility of the Company's common stock and the implied volatility of the Company's traded options. The expected term was estimated based on an analysis of the Company's historical experience of exercise, cancellation, and expiration patterns. The risk-free interest rate is based on the average of the five and seven year United States Treasury rates. There were no stock options granted during the three months ended December 31, 2013.

3. Computation of Net Loss per Common Share

Basic net loss per share ("EPS") is computed by dividing net loss by the weighted-average number of common shares outstanding for the period. Where applicable, diluted EPS is computed by dividing the net loss by the weighted-average number of common shares and dilutive common equivalent shares outstanding during the period, calculated using the treasury stock method. Common equivalent shares include the effect of restricted stock, exercise of stock options and warrants and contingently issuable shares. For each of the three and nine months ended December 31, 2013, 10.1 million shares were not included in the calculation of diluted EPS as they were considered anti-dilutive, of which 3.2 million relate to unvested stock options, 3.5 million relate to the issuance of warrants, and 3.4 million shares relate to the convertible feature of the Company's Exchanged Note. For the three and nine months ended December 31, 2012, 11.8 million shares were not included in the calculation of diluted EPS as they were considered anti-dilutive, of which 2.9 million relate to unvested stock options, 3.2 million relate to the issue of warrants and 5.7 million shares related to the convertible feature of the Company's Exchanged Note.

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The following table reconciles the numerators and denominators of the earnings per share calculation for the three and nine months ended December 31, 2013 and 2012 (in thousands, except per share data):

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Numerator:				
Net loss	$ (8,417)	$ (20,135)	$ (33,553)	$ (46,360)
Denominator:				
Weighted-average shares of common stock outstanding	64,442	53,745	62,256	52,558
Weighted-average shares subject to repurchase	(2,133)	(953)	(1,678)	(592)
Shares used in per-share calculation basic	62,309	52,792	60,578	51,966
Shares used in per-share calculation diluted	62,309	52,792	60,578	51,966
Net loss per share basic	$ (0.14)	$ (0.38)	$ (0.55)	$ (0.89)
Net loss per share diluted	$ (0.14)	$ (0.38)	$ (0.55)	$ (0.89)

4. Fair Value Measurements

In January 2010, the Financial Accounting Standards Board (“FASB”) issued guidance related to disclosures of fair value measurements. The guidance requires gross presentation of activity within the Level 3 measurement roll-forward and details of transfers in and out of Level 1 and 2 measurements. It also clarifies two existing disclosure requirements on the level of disaggregation of fair value measurements and disclosures on inputs and valuation techniques. A change in the hierarchy of an investment from its current level will be reflected in the period during which the pricing methodology of such investment changes. Disclosure of the transfer of securities from Level 1 to Level 2 or Level 3 will be made in the event that the related security is significant to total cash and investments. The Company did not have any transfers of assets and liabilities between Level 1, Level 2 and Level 3 of the fair value measurement hierarchy during the three months ended December 31, 2013.

A valuation hierarchy for disclosure of the inputs to valuation used to measure fair value has been established. This hierarchy prioritizes the inputs into three broad levels as follows:

Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 - Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).

Level 3 - Unobservable inputs that reflect the Company’s assumptions that market participants would use in pricing the asset or liability. The Company develops these inputs based on the best information available, including its own data.

A financial asset's or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the assets carried at fair value, measured as of December 31, 2013 and March 31, 2013 (in thousands):

	Total Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2013:				
Assets:				
Cash equivalents	$ 12,671	$ 12,671	$ -	$ -
Liabilities:				
Derivative liability	$ -	$ -	$ -	$ -
Warrants	2,587	-	-	2,587

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	Total Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2013:				
Assets:				
Cash equivalents	$ 18,649	$ 18,649	$ -	$ -
Liabilities:				
Derivative liability	$ 529	$ -	$ -	$ 529
Warrants	3,633	-	-	3,633

The table below reflects the activity for the Company’s major classes of liabilities measured at fair value (in thousands):

	Derivative Liability	Warrants
April 1, 2012		
Valuation of original derivative liability	$ 3,779	$ -
Warrant issuance with Senior Convertible Note	-	7,018
Warrant issuance with Senior Secured Term Loan	-	380
Valuation of derivative liability attributable to modification	542	-
Mark to market adjustment	(3,297)	(2,817)
Balance at December 31, 2012	$ 1,024	$ 4,581
Mark to market adjustment	(495)	(948)
Balance at March 31, 2013	$ 529	$ 3,633

	Derivative Liability	Warrants
April 1, 2013	$ 529	$ 3,633
Warrant issuance with Senior Secured Term Loan	-	315
Mark to market adjustment	(529)	(1,361)
Balance at December 31, 2013	$ -	$ 2,587

Valuation Techniques

Cash Equivalents

Cash equivalents consist of highly liquid instruments with maturities of three months or less that are regarded as high quality, low risk investments and are measured using such inputs as quoted prices, and are classified within Level 1 of the valuation hierarchy. Cash equivalents consist principally of certificates of deposits and money market accounts.

Derivative Liability

The Company has identified all of the derivatives (“Derivative Liability”) associated with the Exchanged Note which include put rights to require the investor to acquire an additional $15.0 million convertible note and additional warrants, holder change of control redemption rights, issuer optional redemption rights, sale redemption rights and a right to make payment in the form of stock rather than cash if certain equity conditions are met. The Derivative Liability is subject to revaluation at each balance sheet date, and any change in fair value will be recorded as a change in fair value of derivatives and warrants until the earlier of its exercise or expiration. The Company relies on assumptions in a lattice model to determine the fair value of the Derivative Liability. The Company has appropriately valued the Derivative Liability within Level 3 of the valuation hierarchy. (See Note 10, “Debt”, for discussion on the Exchanged Note, Derivative Liability and valuation assumptions used.)

Warrants

Warrants were issued in conjunction with the Initial Note and the Term Loans. (See Note 10, “Debt”, for additional information on warrants.) These warrants are subject to revaluation at each balance sheet date, and any change in fair value will be recorded as a change in fair value of derivatives and warrants until the earlier of their exercise or expiration.

The Company relies on assumptions used in a lattice model to determine the fair value of warrants. The Company has appropriately valued the warrants within Level 3 of the valuation hierarchy. (See Note 11, “Warrants and Derivative Liabilities”, for a discussion of the warrants and the valuation assumptions used.)

5. Accounts Receivable

Accounts receivable at December 31, 2013 and March 31, 2013 consisted of the following (in thousands):

	December 31, 2013	March 31, 2013
Accounts receivable (billed)	$ 7,551	$ 17,222
Accounts receivable (unbilled)	990	1,642
Less: Allowance for doubtful accounts	(16)	-
Accounts receivable, net	$	