DIGITAL POWER CORP Form 10-Q August 14, 2012

Non-accelerated filer

# U.S. SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

## FORM 10-O

	F	'ORM 10-Q				
þ	Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934 For the quarterly period ended June 30, 2012					
	Transition report pursuant to Section 13 or 1stransition period from to	5(d) of the Securities Exchange Act of 1934 For the				
	Commission	n file number 1-12711				
		OWER CORPORATION strant as specified in its charter )				
	California (State or other jurisdiction of incorporation or organization)	94-1721931 (I.R.S. Employer Identification Number)				
	Fremon	4 Christy Street t, CA 94538-3158 incipal executive offices)				
	·	10) 657-2635 t's telephone number)				
Secur requir		filed all reports required to be filed by Section 13 or 15(d) of the 12 months (or for such shorter period that the registrant was to such filing requirements for the past 90 days.				
any, e (§232 to sub	very Interactive Data File required to be submitt	mitted electronically and posted on its corporate Web site, if sed and posted pursuant to Rule 405 of Regulation S-T onths (or for such shorter period that the registrant was required				
a sma	ller reporting company. See the definitions of "la any" in Rule 12b-2 of the Exchange Act.	ge accelerated filer, an accelerated filer, a non-accelerated filer or arge accelerated filer," "accelerated filer" and "smaller reporting elerated filer				

Smaller reporting company

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

At August 14, 2012, the registrant had outstanding 6,863,150 shares of common stock.

### DIGITAL POWER CORPORATION

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#### PART I – FINANCIAL INFORMATION

#### ITEM 1. FINANCIAL STATEMENTS

#### DIGITAL POWER CORPORATION AND ITS SUBSIDIARY

#### CONSOLIDATED BALANCE SHEETS

ASSETS  CURRENT ASSETS:  Cash and cash equivalents \$ 1,922 \$ 1,77 and receivables (net of allowance for doubtful accounts of \$ 146 and \$ 148 at June 30, 2012 and December 31, 2011, respectively) 2,326 1,4 Prepaid expenses and other receivables 146 Inventories (Note 3) 1,886 2,7 Total current assets 6,280 6,4 Inventories (Note 3) 1,886 2,7 Total current assets 6,280 6,4 Inventories (Note 3) 1,886 2,7 Total current assets 6,280 6,4 Inventories (Note 3) 1,886 2,7 Inventories (Note 3) 1,886 2,89 Inventories (Note 3) 1,886 Inv	U.S. dollars in thousands, except share data	June 30, 2012 Unaudited		December 31, 2011	
Cash and cash equivalents       \$ 1,922 \$ 1,         Trade receivables (net of allowance for doubtful accounts of \$ 146 and \$ 148 at       June 30, 2012 and December 31, 2011, respectively)       2,326 1,         June 30, 2012 and December 31, 2011, respectively)       2,326 1,         Prepaid expenses and other receivables       146         Inventories (Note 3)       1,886 2,         Total current assets       6,280 6,         PROPERTY AND EQUIPMENT, NET       472 4         INTANGIBLE ASSET, NET       306 5         AVAILABLE FOR SALE SECURITIES OF TELKOOR       607 4         LONG-TERM DEPOSITS       6         Total assets       \$ 7,671 \$ 7,         LIABILITIES AND SHAREHOLDERS' EQUITY         CURRENT LIABILITIES:         Accounts payable       \$ 942 \$ 1,         Related parties - trade payables       363 3         Advances from customers and deferred revenues       16 2         Other current liabilities       1,793 2,2         SHAREHOLDERS' EQUITY:         Share capital -       Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.       -         Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.       -	ASSETS		Chadanca		
Cash and cash equivalents       \$ 1,922 \$ 1,         Trade receivables (net of allowance for doubtful accounts of \$ 146 and \$ 148 at       June 30, 2012 and December 31, 2011, respectively)       2,326 1,         June 30, 2012 and December 31, 2011, respectively)       2,326 1,         Prepaid expenses and other receivables       146         Inventories (Note 3)       1,886 2,         Total current assets       6,280 6,         PROPERTY AND EQUIPMENT, NET       472 4         INTANGIBLE ASSET, NET       306 5         AVAILABLE FOR SALE SECURITIES OF TELKOOR       607 4         LONG-TERM DEPOSITS       6         Total assets       \$ 7,671 \$ 7,         LIABILITIES AND SHAREHOLDERS' EQUITY         CURRENT LIABILITIES:         Accounts payable       \$ 942 \$ 1,         Related parties - trade payables       363 3         Advances from customers and deferred revenues       16 2         Other current liabilities       472 5         Total current liabilities       1,793 2,2         SHAREHOLDERS' EQUITY:         Share capital -       Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.       -         Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 201	CLIDDENT ASSETS.				
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June 30, 2012 and December 31, 2011, respectively)	•	Ψ	1, 722	Ψ	1,777
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Inventories (Note 3)	* · ·		· · · · · · · · · · · · · · · · · · ·		108
Total current assets 6,280 6,4  PROPERTY AND EQUIPMENT, NET 472 4  INTANGIBLE ASSET, NET 306 5  AVAILABLE FOR SALE SECURITIES OF TELKOOR 607 4  LONG-TERM DEPOSITS 66  Total assets 7,671 \$ 7,5  LIABILITIES AND SHAREHOLDERS' EQUITY  CURRENT LIABILITIES:  Accounts payable \$ 942 \$ 1,4  Related parties - trade payables 363 5  Advances from customers and deferred revenues 16 5  Other current liabilities 472 5  Total current liabilities 1,793 2,5  SHAREHOLDERS' EQUITY:  Share capital -  Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and					2,332
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INTANGIBLE ASSET, NET  AVAILABLE FOR SALE SECURITIES OF TELKOOR  LONG-TERM DEPOSITS  6  Total assets  \$ 7,671 \$ 7,  LIABILITIES AND SHAREHOLDERS' EQUITY  CURRENT LIABILITIES:  Accounts payable  \$ 942 \$ 1,0  Related parties - trade payables  363  Advances from customers and deferred revenues  16  Other current liabilities  472  Total current liabilities  1,793  2,3  SHAREHOLDERS' EQUITY:  Share capital -  Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  - Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  - Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Total current assets		0,200		0,002
INTANGIBLE ASSET, NET  AVAILABLE FOR SALE SECURITIES OF TELKOOR  LONG-TERM DEPOSITS  6  Total assets  \$ 7,671 \$ 7,  LIABILITIES AND SHAREHOLDERS' EQUITY  CURRENT LIABILITIES:  Accounts payable  \$ 942 \$ 1,6  Related parties - trade payables  363  Advances from customers and deferred revenues  16  Other current liabilities  472  Total current liabilities  1,793  2,3  SHAREHOLDERS' EQUITY:  Share capital -  Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  - Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  - Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	PROPERTY AND FOUIPMENT NET		472		448
AVAILABLE FOR SALE SECURITIES OF TELKOOR LONG-TERM DEPOSITS 6  Total assets \$ 7,671 \$ 7,5000000000000000000000000000000000000					350
LONG-TERM DEPOSITS  Total assets  \$ 7,671 \$ 7,500  LIABILITIES AND SHAREHOLDERS' EQUITY  CURRENT LIABILITIES:  Accounts payable  \$ 942 \$ 1,000  Related parties - trade payables  Advances from customers and deferred revenues  16 2  Other current liabilities  472 1  Total current liabilities  472 2  SHAREHOLDERS' EQUITY:  Share capital -  Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  -  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  -  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	·				483
Total assets \$ 7,671 \$ 7,500  LIABILITIES AND SHAREHOLDERS' EQUITY  CURRENT LIABILITIES: Accounts payable \$ 942 \$ 1,600 Related parties - trade payables \$ 363 \$ Advances from customers and deferred revenues \$ 16 \$ Other current liabilities \$ 472 \$ Total current liabilities \$ 1,793 \$ 2,500  SHAREHOLDERS' EQUITY: Share capital - Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and					6
LIABILITIES AND SHAREHOLDERS' EQUITY  CURRENT LIABILITIES:  Accounts payable \$ 942 \$ 1, Related parties - trade payables 363  Advances from customers and deferred revenues 16 Other current liabilities 472  Total current liabilities 1,793 2,3  SHAREHOLDERS' EQUITY: Share capital - Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	EONG TERM DEL COLLO		O .		O .
CURRENT LIABILITIES:  Accounts payable \$ 942 \$ 1,0000 Related parties - trade payables \$ 363 \$	Total assets	\$	7,671	\$	7,349
Accounts payable \$ 942 \$ 1,00000000000000000000000000000000000	LIABILITIES AND SHAREHOLDERS' EQUITY				
Related parties - trade payables  Advances from customers and deferred revenues  Other current liabilities  16  Other current liabilities  1,793  2,3  SHAREHOLDERS' EQUITY:  Share capital -  Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  -  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  -  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	CURRENT LIABILITIES:				
Advances from customers and deferred revenues  Other current liabilities  Total current liabilities  1,793  2,3  SHAREHOLDERS' EQUITY:  Share capital -  Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  -  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Accounts payable	\$	942	\$	1,032
Other current liabilities 472 5.  Total current liabilities 1,793 2,3  SHAREHOLDERS' EQUITY:  Share capital -  Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Related parties - trade payables		363		369
Total current liabilities 1,793 2,3  SHAREHOLDERS' EQUITY: Share capital - Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Advances from customers and deferred revenues		16		286
SHAREHOLDERS' EQUITY: Share capital - Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Other current liabilities		472		529
Share capital - Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  - Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  - Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Total current liabilities		1,793		2,216
Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and December 31, 2011; No shares are issued and outstanding.  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	SHAREHOLDERS' EQUITY:				
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outstanding.  Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and  December 31, 2011; No shares are issued and outstanding.  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Series A Redeemable, Convertible Preferred shares, no par value - 500,000 shares				
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December 31, 2011; No shares are issued and outstanding.  Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	outstanding.		-		-
Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and	Preferred shares, no par value - 1,500,000 shares authorized at June 30, 2012 and				
	December 31, 2011; No shares are issued and outstanding.		-		-
December 31, 2011: 6.863,150 shares and 6.849,654 shares issued and	Common shares, no par value - 30,000,000 shares authorized at June 30, 2012 and				
2000110011011, 0,0000,100 01111100 0110 0,000 1 51111100 155000 0110	December 31, 2011; 6,863,150 shares and 6,849,654 shares issued and				
outstanding at June 30, 2012 and December 31, 2011, respectively	•		-		-
Additional paid-in capital 14,410 14,5	Additional paid-in capital		14,410		14,358
Accumulated deficit (7,768) (8,3	Accumulated deficit		(7,768)		(8,321)
Accumulated other comprehensive loss (764)	Accumulated other comprehensive loss		(764)		(904)
Total shareholders' equity 5,878 5,	Total shareholders' equity		5,878		5,133

Total liabilities and shareholders' equity	\$ 7.671 \$	7 3/10

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

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#### DIGITAL POWER CORPORATION AND ITS SUBSIDIARY

#### CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands, except per share of	data							
		Six months ended June 30,			Three months ended June 30,			
		2012		2011		2012		2011
			Unaudited					
Revenues	\$	5,182	\$	6,150	\$	2,942	\$	3,172
Cost of revenues		2,979		3,751		1,666		1,879