

DIGITAL POWER CORP  
Form 10-Q  
May 20, 2013

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

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FORM 10-Q

- Quarterly report under Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 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 1-12711

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DIGITAL POWER CORPORATION  
( Exact name of registrant as specified in its charter )

California  
(State or other jurisdiction of  
incorporation or organization)

94-1721931  
(I.R.S. Employer Identification Number)

48430 Lakeview Blvd  
Fremont, CA 94538-3158  
(Address of principal executive offices)

(510) 657-2635  
(Registrant's telephone number)

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 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

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Non-accelerated filer                                        Smaller reporting company                   

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

At May 20, 2013, the registrant had outstanding 6,853,131 shares of common stock.

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## DIGITAL POWER CORPORATION

## TABLE OF CONTENTS

	Page
<b>PART I – FINANCIAL INFORMATION</b>	
Item 1.	3
Financial Statements	
	3
Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012	
	5
Consolidated Statements of Operations for the three months ended March 31, 2013 and March 31, 2012	
	6
Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and March 31, 2012	
	7
Statement of Changes in Shareholders' Equity for the three months ended March 31, 2013	
	8
Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and March 31, 2012	
	9
Notes to Interim Consolidated Financial Statements	
Item 2.	15
Management's Discussion and Analysis of Financial Condition and Results of Operations	
Item 3.	17
Quantitative and Qualitative Disclosures About Market Risk	
Item 4.	18
Controls and Procedures	
<b>PART II – OTHER INFORMATION</b>	
	18
Item 1.	18
Legal Proceedings	
Item 1A.	18
Risk Factors	
Item 2.	24
Unregistered Sales of Equity Securities and Use of Proceeds	
Item 3.	24
Defaults Upon Senior Securities	
Item 4.	24
Reserved	
Item 5.	24
Other Information	
Item 6.	25
Exhibits	
<b>SIGNATURES</b>	
	26

## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## DIGITAL POWER CORPORATION AND ITS SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	March 31, 2013 Unaudited	December 31, 2012
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$1,587	\$1,821
Trade receivables (net of allowance for doubtful accounts of \$ 146 as of March 31, 2013 and December 31, 2012, respectively)	2,041	1,390
Prepaid expenses and other accounts receivable	186	139
Inventories (Note 3)	1,813	2,012
<b>Total current assets</b>	<b>5,627</b>	<b>5,362</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>513</b>	<b>504</b>
<b>INTANGIBLE ASSET, NET</b>	<b>228</b>	<b>267</b>
<b>INVESTMENT IN TELKOOR</b>	<b>734</b>	<b>780</b>
<b>LONG-TERM DEPOSITS</b>	<b>13</b>	<b>19</b>
<b>Total assets</b>	<b>\$7,115</b>	<b>\$6,932</b>

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

## DIGITAL POWER CORPORATION AND IT'S SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	March 31, 2013 Unaudited	December 31, 2012
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$874	\$870
Trade payables - related parties	335	110
Advances from customers and deferred revenue	6	6
Other current liabilities	410	419
<b>Total current liabilities</b>	<b>1,625</b>	<b>1,405</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital -		
Series A Redeemable Convertible Preferred shares, no par value - 500,000 shares authorized; 0 shares issued and outstanding at March 31, 2013 and December 31, 2012	-	-
Preferred shares, no par value - 1,500,000 shares authorized; 0 shares issued and outstanding at March 31, 2013 and December 31, 2012	-	-
Common shares, no par value - 30,000,000 shares authorized; 6,853,161 shares issued and outstanding as of March 31, 2013 and December 31, 2012	-	-
Additional paid-in capital	14,513	14,476
Accumulated deficit	(8,543)	(8,650)
Accumulated other comprehensive loss	(480)	(299)
<b>Total shareholders' equity</b>	<b>5,490</b>	<b>5,527</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$7,115</b>	<b>\$6,932</b>

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

## DIGITAL POWER CORPORATION AND IT'S SUBSIDIARY

## CONSOLIDATED STATEMENTS OF OPERATIONS

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U.S. dollars in thousands, except per share data

	Three months ended March 31,	
	2013	2012
	Unaudited	
Revenues	\$2,189	\$2,240
Cost of revenues	1,361	1,313
Gross profit	828	927
Operating expenses:		
Engineering and product development	172	