

DIGITAL POWER CORP  
Form 10-Q  
May 13, 2010

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, 2010

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)

41324 Christy Street  
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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

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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

At May 13, 2010, the registrant had outstanding 6,678,968 shares of common stock.

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## DIGITAL POWER CORPORATION

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DIGITAL POWER CORPORATION AND SUBSIDIARY

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2010

IN U.S. DOLLARS

UNAUDITED

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The Board of Directors  
Digital Power Corporation

Re: Review of unaudited interim consolidated  
financial statements  
for the three-month period ended March 31,  
2010

We have reviewed the accompanying consolidated balance sheet of Digital Power Corporation ("the Company") and its subsidiary as of March 31, 2010, and the related consolidated statements of operations and cash flows for the three-month periods ended March 31, 2010 and 2009, and the statement of changes in shareholders' equity for the three-month period ended March 31, 2010. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

Tel-Aviv, Israel  
May 13, 2010

KOST FORER GABBAY & KASIERER  
A Member of Ernst & Young Global

## DIGITAL POWER CORPORATION AND SUBSIDIARY

## CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	March 31, 2010 Unaudited	December 31, 2009
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,547	\$ 2,967
Restricted cash	80	84
Trade receivables (net of allowance for doubtful accounts of \$ 124 and \$ 127 at March 31, 2010 and December 31, 2009, respectively)	1,475	1,522
Prepaid expenses and other receivables	257	243
Inventories (Note 3)	1,270	1,056
Total current assets	5,629	5,872
PROPERTY AND EQUIPMENT, NET	225	231
LONG-TERM DEPOSITS	41	41
Total assets	\$ 5,895	\$ 6,144
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 633	\$ 891
Related parties - trade payables	809	531
Advances from customers and deferred revenue	491	471
Other current liabilities	501	492
Total current liabilities	2,434	