

ACORN FACTOR, INC.
Form 10-Q
November 19, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended **September 30, 2007**

Commission file number: **0-19771**

ACORN FACTOR, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-2786081
(I.R.S. Employer
Identification No.)

4 West Rockland Road
Montchanin, Delaware
(Address of principal executive offices)

19710
(Zip Code)

(302) 656-1708
(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

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.

Class	Outstanding at November 16, 2007
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Common Stock, \$0.01 par value per share

10,231,143 shares

ACORN FACTOR, INC.
Quarterly Report on Form 10-Q
for the Quarterly Period Ended September 30, 2007

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Certain statements contained in this report are forward-looking in nature. These statements are generally identified by the inclusion of phrases such as "we expect", "we anticipate", "we believe", "we estimate" and other phrases of similar meaning. Whether such statements ultimately prove to be accurate depends upon a variety of factors that may affect our business and operations. Many of these factors are described in our most recent Annual Report on Form 10-K as filed with Securities and Exchange Commission.

ACORN FACTOR, INC. AND SUBSIDIARIES**Consolidated Balance Sheets**

(in thousands, except share and per share data)

ASSETS	As of December 31, 2006	As of September 30, 2007 (unaudited)
Current assets:		
Cash and cash equivalents	\$ 1,521	\$ 4,196
Accounts receivable, net	1,373	1,804
Unbilled work-in-process	393	507
Other current assets	316	542
Total current assets	3,603	7,049
Property and equipment, net	445	581
Investment in Comverge	--	91,549
Investment in Paketeria	1,212	2,270
Investment in Local Power	--	268
Funds in respect of employee termination benefits	1,568	1,455
Goodwill	97	101
Other intangible assets, net	48	5
Other assets	285	174
Total assets	\$ 7,258	\$ 103,452
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term bank credit	\$ 462	\$ 94
Current maturities of long-term debt	26	48
Note payable - related party	300	--
Trade accounts payable	378	728
Accrued payroll, payroll taxes and social benefits	478	822
Other current liabilities	1,700	2,564
Total current liabilities	3,344	4,256
Long-term liabilities:		
Investment in Comverge, net	1,824	--
Convertible debt, net of discounts	--	5,041
Liability for employee termination benefits	2,545	2,093
Deferred taxes	--	21,522
Other liabilities	6	--
Total long-term liabilities	4,375	28,656
Shareholders' equity:		
Common stock - \$0.01 par value per share:		
Authorized - 20,000,000 shares; Issued -10,276,030 shares and 10,895,314 at December 31, 2006 and September 30, 2007	102	108
Additional paid-in capital	43,987	48,286
Warrants	888	1,540
Accumulated deficit	(41,904)	(31,679)
Treasury stock, at cost - 777,371 shares for December 31, 2006 and September 30, 2007, respectively	(3,592)	(3,592)
Accumulated other comprehensive income	58	55,877
Total shareholders' equity (deficit)	(461)	70,540

Total liabilities and shareholders' equity	\$	7,258	\$	103,452
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The accompanying notes are an integral part of these consolidated financial statements.

ACORN FACTOR, INC. AND SUBSIDIARIES
Consolidated Statements of Operations (unaudited)
(in thousands, except per share data)

	Nine months ended September 30,		Three months ended September 30,	
	2006	2007	2006	2007
Sales:				
Projects	\$ 2,203	\$ 2,699	\$ 682	\$ 1,412
Services	642	557	208	154
Other	41	59	33	29
Total sales	2,886	3,315	923	