

ACORN ENERGY, INC.  
Form 10-Q  
November 07, 2012  
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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, 2012

Commission file number: 0-19771

ACORN ENERGY, INC.  
(Exact name of registrant as specified in charter)

Delaware  
(State or other jurisdiction of incorporation or organization) 22-2786081  
(I.R.S. Employer Identification No.)

3903 Centerville Road, Wilmington, Delaware  
(Address of principal executive offices) 19807  
(Zip Code)

302-656-1707  
(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 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 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. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  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

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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 2, 2012
Common Stock, \$0.01 par value per share	18,017,045 shares

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ACORN ENERGY, INC.  
 Quarterly Report on Form 10-Q  
 for the Quarterly Period Ended September 30, 2012

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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.

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## PART I

ACORN ENERGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)  
 (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	As of December 31, 2011	As of September 30, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$34,280	\$21,717
Short-term deposits	18,000	10,000
Restricted deposit	2,223	1,884
Funds held in escrow	5,961	—
Accounts receivable	4,965	4,746
Unbilled revenue	3,778	4,673
Inventory	2,144	3,190
Other current assets	922	3,143
Total current assets	72,273	49,353
Property and equipment, net	635	815
Severance assets	2,620	2,790
Restricted deposit	271	270
Intangible assets, net	4,780	9,823
Goodwill	4,637	6,622
Deferred taxes	440	481
Other assets	149	214
Total assets	\$85,805	\$70,368
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Short-term bank credit and current maturities of long-term debt	\$677	\$524
Accounts payable	2,052	1,781
Accrued payroll, payroll taxes and social benefits	1,907	1,975
Deferred revenue	2,876	2,008
Other current liabilities	4,544	1,564
Total current liabilities	12,056	7,852
Long-term liabilities:		
Accrued severance	3,837	4,119
Long-term debt	141	39
Other long-term liabilities	204	225
Total long-term liabilities	4,182	4,383
Commitments and contingencies		
Equity:		
Acorn Energy, Inc. shareholders		
Common stock - \$0.01 par value per share:	183	188

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Authorized – 30,000,000 shares; Issued –18,325,529 and 18,818,965 shares at December 31, 2011 and September 30, 2012, respectively

Additional paid-in capital	84,614	83,839	
Warrants	427	55	
Accumulated deficit	(13,022	) (24,062	)
Treasury stock, at cost – 801,920 shares at December 31, 2011 and September 30, 2012	(3,036	) (3,036	)
Accumulated other comprehensive income	485	717	
Total Acorn Energy, Inc. shareholders' equity	69,651	57,701	
Non-controlling interests	(84	) 432	
Total equity	69,567	58,133	
Total liabilities and equity	\$85,805	\$70,368	

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

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ACORN ENERGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
 (IN THOUSANDS, EXCEPT NET INCOME (LOSS) PER SHARE DATA)

	Nine months ended September 30,		Three months ended September 30,	
	2011	2012	2011	2012
Revenues:				
Projects	\$7,250	\$11,017	\$2,393	\$3,399
Products	4,617	3,549	2,515	1,373
Services	386	621	143	280
Total revenues	12,253	15,187	5,051	5,052
Cost of sales:				
Projects	5,221	8,241	1,849	2,468
Products	2,404	2,113	1,289	791
Services	301	371	106	120
Total cost of sales	7,926	10,725	3,244	3,379
Gross profit	4,327	4,462	1,807	1,673
Operating expenses:				
Research and development expenses, net of credits	1,587	4,771	713	1,754
Selling, general and administrative expenses	8,609	13,891	3,142	5,272
Total operating expenses	10,196	18,662	3,855	7,026
Operating loss	(5,869 )	(14,200 )	(2,048 )	(5,353 )
Finance income (expense), net	46	(53 )	262	(160 )
Gain on sale of HangXing	492	—	—	—
Loss from continuing operations before taxes	(5,331 )	(14,253 )	(1,786 )	(5,513 )
Income tax benefit, net	12,072	2,476	12,111	1,487
Net income (loss) from continuing operations	6,741	(11,777 )	10,325	(4,026 )
Loss from discontinued operations, net of income taxes	(1,948 )	—	(544 )	—
Gain on the sale of discontinued operations, net of income taxes	30,683	—	30,683	—
Non-controlling interest share of loss from discontinued operations	540	—	151	—
Net income (loss)	36,016	(11,777 )	40,615	(4,026 )
Net loss attributable to non-controlling interests	484	737	181	276
Net income (loss) attributable to Acorn Energy, Inc. shareholders	\$36,500	\$(11,040 )	\$40,796	\$(3,750 )
Basic net income (loss) per share attributable to Acorn Energy, Inc. shareholders:				
From continuing operations	\$0.41	\$(0.62 )	\$0.60	\$(0.21 )
From discontinued operations	\$1.68	\$—	\$1.73	\$—
Basic net income (loss) per share attributable to Acorn Energy, Inc. shareholders	\$2.09	\$(0.62 )	\$2.33	\$(0.21 )
Weighted average number of shares outstanding attributable to Acorn Energy, Inc. shareholders – basic	17,443	17,843	17,508	17,934
Diluted net income (loss) per share attributable to Acorn Energy, Inc. shareholders:				
From continuing operations	\$0.41	\$(0.62 )	\$0.59	\$(0.21 )
From discontinued operations	\$1.65	\$—	\$1.70	\$—
	\$2.06	\$(0.62 )	\$2.29	\$(0.21 )

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Diluted net income (loss) per share attributable to Acorn Energy, Inc. shareholders				
Weighted average number of shares outstanding attributable to Acorn Energy, Inc. shareholders – diluted	17,740	17,843	17,810	17,934
Dividends declared per common share	\$—	\$0.105	\$—	\$0.035

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

ACORN ENERGY, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(IN THOUSANDS)

	Nine months ended September 30,		Three months ended September 30,	
	2011	2012	2011	2012
Net income (loss) attributable to Acorn Energy, Inc. shareholders	\$ 36,500	\$(11,040 )	\$ 40,796	\$(3,750 )
Other comprehensive income (loss), net of income taxes:				
Foreign currency translation adjustments	(323 )	232	(615 )	233
Comprehensive income (loss), net of income taxes	36,177	(10,808 )	40,181	(3,517 )
Comprehensive loss attributable to non-controlling interests	(10 )	(3 )	(4 )	(3 )
Comprehensive income (loss) attributable to Acorn Energy, Inc. shareholders	\$ 36,167	\$(10,811 )	\$ 40,177	\$(3,520 )

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

ACORN ENERGY, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
(IN THOUSANDS)

	Acorn Energy, Inc. Shareholders				Total Acorn Energy, Inc. Shareholders' Equity			Total Equity		
	Number of Shares	Common Stock	Additional Paid-In Capital	Warrants	Accumulated Deficit	Treasury Stock	Other Comprehensive Income (Loss)	Shareholders' Equity	Non-controlling Interests	Total Equity
As of December 31, 2011	18,326	\$ 183	\$ 84,614	\$ 427	\$(13,022 )	\$(3,036)	\$ 485	\$ 69,651	\$(84 )	\$ 69,567
Net loss	—	—	—	—	(11,040 )	—	—	(11,040 )	(737 )	(11,777 )
Differences from translation of subsidiaries' financial statements	—	—	—	—	—	—	232	232	(3 )	229
	—	—	—	—	—	—	—	(10,808 )	(740 )	(11,548 )



Comprehensive income										
Dividends	—	—	(1,875 )	—	—	—	—	(1,875 )	—	(1,875 )
Dividends in common stock under the Company's Dividend Reinvestment Plan, net of discount (see Notes 8(a) and 8(b))	8	—	69	—	—	—	—	69	—	69
Adjustment of non-controlling interests in USSI following additional investment by the Company	—	—	(975 )	—	—	—	—	(975 )	975	—
Stock option compensation	—	—	309	—	—	—	—	309	—	309
Stock option compensation of subsidiaries	—	—	—	—	—	—	—	—	281	281
Exercise of warrants and options	485	5	1,697	(372 )	—	—	—	1,330	—	1,330
Balances as of September 30, 2012	18,819	\$ 188	\$ 83,839	\$ 55	\$ (24,062 )	\$ (3,036)	\$ 717	\$ 57,701	\$ 432	\$ 58,133

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

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ACORN ENERGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
 (IN THOUSANDS)

	Nine months ended	
	September 30, 2011	September 30, 2012
Cash flows used in operating activities:		
Net income (loss) before non-controlling interests	\$35,476	\$(11,777 )
Less net income from discontinued operations	(28,735 )	—
Net income (loss) from continuing operations	6,741	(11,777 )
Adjustments to reconcile net income (loss) to net cash used in operating activities (see Schedule A)	(13,355 )	(4,937 )
Net cash used in operating activities – continuing operations	(6,614 )	(16,714 )
Cash flows provided by (used in) investing activities:		
Acquisitions of property and equipment	(351 )	(476 )
Acquisition of license	—	(150 )
Restricted deposits	(656 )	(46 )
Release of restricted deposits	1,096	386
Maturity of short-term deposits	—	16,015
Short-term deposit	—	(8,015 )
Amounts funded for severance assets	(225 )	(235 )
Advances to CoaLogix prior to sale	(278 )	—
Proceeds from the sale of CoaLogix, net of CoaLogix cash	61,632	—
Escrow deposits from CoaLogix sale	(6,308 )	—
Release of escrow deposits	—	5,961
Proceeds from the sale of HangXing	492	—
Acquisition of OmniMetrix, net of cash acquired (see Schedule C)	—	(7,835 )
Net cash provided by investing activities – continuing operations	55,402	5,605
Cash flows provided by (used in) financing activities:		
Proceeds from employee stock option and warrant exercises	194	1,330
Short-term bank credit, net	(348 )	(131 )
Proceeds from borrowings of long-term debt	68	16
Repayments of long-term debt	(238 )	(135 )
Dividends paid	—	(2,682 )
Other	29	—
Net cash used in financing activities – continuing operations	(295 )	(1,602 )
Discontinued operations:		
Operating cash flows	(2,020 )	—
Investing cash flows	(187 )	—
Financing cash flows	1,683	—
Net cash used in discontinued operations	(524 )	—
Effect of exchange rate changes on cash and cash equivalents	(143 )	148
Net increase (decrease) in cash and cash equivalents	47,826	(12,563 )
Cash and cash equivalents at beginning of the year of discontinued operations	807	—
Cash and cash equivalents at beginning of year of continuing operations	6,549	34,280

Cash and cash equivalents at the end of the period	\$55,182	21,717
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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ACORN ENERGY, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
 (IN THOUSANDS)

	Nine months ended	
	September 30, 2011	September 30, 2012
A. Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	\$625	\$1,035
Increase in accrued severance	293	371
Stock-based compensation	315	590
Deferred taxes	(10,697)	(1,766)
Gain on the sale of HangXing	(492)	—
Other	(52)	(29)
Change in operating assets and liabilities:		
Decrease (increase) in accounts receivable, unbilled work-in process, other current and other assets	874	(2,315)
Increase in inventory	(763)	(799)
Decrease in accounts payable, accrued payroll, payroll taxes and social benefits, advances from customers, other current liabilities and other liabilities	(3,458)	(2,024)
	\$(13,355)	\$(4,937)
B. Non-cash investing and financing activities:		
Adjustment of additional paid-in-capital and non-controlling interests from additional investment option by Acorn in USSI	\$600	\$975
Value of shares issued under dividend reinvestment plan		\$69
Value of shares issued as compensation	101	
C. Assets/liabilities acquired in the acquisition of OmniMetrix		
Accounts receivable		(328)
Inventory		(234)
Other current assets		(10)
Property and equipment		(26)
Intangible assets		(5,581)
Goodwill		(1,930)
Current liabilities		274
		(7,835)

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

## NOTE 1— BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Acorn Energy, Inc. and its subsidiaries (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete consolidated financial statements. In the opinion of management, all

adjustments considered necessary for a fair presentation have been included. Operating results for the nine month period ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Certain reclassifications have been made to the Company's condensed consolidated financial statements for the three and nine month periods ended September 30, 2011 to conform to the current period's condensed consolidated financial statement presentation.

All dollar amounts in the notes to the condensed consolidated financial statements are in thousands except for per share data.

#### NOTE 2—RECENT AUTHORITATIVE GUIDANCE

In June 2011, the Financial Accounting Standards Board ("FASB") issued ASU No. 2011-05, "Comprehensive Income (ASC Topic 220): Presentation of Comprehensive Income," ("ASU 2011-05") which amends current comprehensive income guidance. This accounting update eliminates the option to present the components of other comprehensive income as part of the statement of shareholders' equity. Instead, the Company must report comprehensive income in either a single continuous statement of comprehensive income which contains two sections, net income and other comprehensive income, or in two separate but consecutive statements. ASU 2011-05 will be effective for public companies during the interim and annual periods beginning after Dec. 15, 2011 with early adoption permitted. The adoption of ASU 2011-05 by the Company did not have a material impact on the Company's consolidated results of operation and financial condition.

In July 2012, the FASB issued ASU 2012-02, Testing Indefinite-Lived Intangible Assets for Impairment (the revised standard). The revised standard is intended to reduce the cost and complexity of testing indefinite-lived intangible assets other than goodwill for impairment. It allows companies to perform a "qualitative" assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary, similar in approach to the goodwill impairment test. The revised standard is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The Company is currently evaluating the effect that this guidance will have on its consolidated financial position, results of operations and cash flows.

Other recent authoritative guidance issued by the FASB (including technical corrections to the Codification), the American Institute of Certified Public Accountants, and the Securities and Exchange Commission did not, or are not expected to have a material effect on the Company's consolidated financial statements.

#### NOTE 3—ACQUISITION OF OMNIMETRIX

On February 15, 2012, the Company entered into a definitive agreement pursuant to which it acquired, through its XYZ Holdings, Inc. wholly-owned Georgia subsidiary ("Holdings" which has been renamed OMX Holdings, Inc.), all of the issued and outstanding limited liability company membership interests (the "Interests") in OmniMetrix, LLC, a Georgia limited liability company ("OmniMetrix"). OmniMetrix is in the business of designing, manufacturing, marketing and selling (i) wireless remote systems that monitor standby power generation, backup power generators, remote powered equipment, cellular towers, emergency towered communications and remote tower sites (the "Power Generator Monitoring" segment - see Note 11), and (iii) cathodic protection products to monitor pipeline integrity (the "Cathodic Protection" segment - included in the Company's "Other" segment - see Note 11). Holdings purchased the Interests in OmniMetrix from its three individual holders (the "Sellers") in consideration for an aggregate cash payment of \$8,500. The Company incurred approximately \$300 of transaction costs in connection with the acquisition of OmniMetrix which are included in Selling, general and administrative expense in the Condensed Consolidated Statement of Operations. The acquisition of OmniMetrix adds to the Company's growing product lines of remote monitoring systems for aging energy infrastructure.

The transaction was accounted for as a purchase business combination. OmniMetrix's results from operations for the period from acquisition (February 15, 2012) to September 30, 2012 have been included in the Company's consolidated Statement of Operations. In the period since our acquisition, the Company recorded \$952 of revenues and a net loss of \$1,381 associated with OmniMetrix's activities. Pro forma information with respect to the acquisition of OmniMetrix are not included in these condensed financial statements as the information is not material.

In accordance with generally accepted accounting principles, the fair value of OmniMetrix is allocated to OmniMetrix's identifiable tangible and intangible assets and liabilities assumed based on their fair values as of the date of the transaction. Based upon a third-party valuation of intangible assets as of that date, the Company allocated the \$8,500 consideration of the fair value to assets and liabilities as follows:

Cash	\$665	
Accounts receivable	328	
Inventory	234	
Other current assets	10	
Property and equipment	26	
Intangible assets	5,581	
Goodwill (see Note 7 for allocation to segments)	1,930	
Total assets acquired	8,774	
Current liabilities	(274	)
Fair value of assets and liabilities acquired	\$8,500	

Intangible assets with estimated useful lives are amortized over that period. The intangible assets acquired and their weighted average estimated useful life in years is noted in the table below:

Intangible Asset Acquired	Estimated value	Weighted average estimated useful life in years
OmniMetrix technologies	\$2,319	10
Customer relationships	3,236	14
Non-compete agreements	26	6
	\$5,581	

Goodwill is not amortized for financial statement purposes in accordance with generally accepted accounting principles and is expected to be deductible for tax purposes.

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## NOTE 4—US SEISMIC SYSTEMS, INC.

On February 6, 2012, the Company entered into a new Stock Purchase Agreement (the “USSI Purchase Agreement”) with USSI pursuant to which the Company converted previously advanced funds into additional shares of USSI common stock (“USSI Common Stock”) and shares of USSI's new Series A-1 Preferred Stock (“USSI Preferred Stock”). The Company also made a further payment to USSI of \$2,250 on February 6, 2012 to purchase additional shares of USSI Preferred Stock. The USSI Preferred Stock provides that upon any future liquidation of USSI, to the extent funds are available for distribution to USSI's stockholders after the satisfaction of any USSI liabilities at that time, USSI would first repay the Company for the purchase price of its USSI Preferred Stock. Thereafter, the Company would receive a further payment for such shares ratably with all other USSI Common Stock holders as though the Company's shares of USSI Preferred Stock were the same number of shares of USSI Common Stock.

In April 2012, the Company conducted a second closing for the purchase of additional USSI Preferred Stock in accordance with the USSI Purchase Agreement and invested an additional \$2,500 in USSI. Following this investment, the Company would own approximately 92% of USSI upon conversion of the USSI Preferred Stock.

On July 30, 2012, the Company entered into another Stock Purchase Agreement (the “Summer USSI Purchase Agreement”) with USSI pursuant to which the Company made a payment to USSI of \$2,500 to purchase additional shares of USSI Preferred Stock. The USSI Preferred Stock is the same class of shares that the Company acquired earlier this year (see above). In connection with this investment, the Company also entered into a Second Amended and Restated Stockholders Agreement with USSI and its other stockholders providing for certain rights and obligations to purchase or sell our USSI securities and with regard to the management of USSI.

Following the July 30, 2012 payment to USSI, the Company would own approximately 93.6% of USSI upon conversion of the USSI Preferred Stock. The Summer USSI Purchase Agreement contemplated that the Company would make an additional investment of \$2,500 later in 2012 in exchange for additional shares of USSI Preferred Stock. On November 1, 2012, the Company made this additional investment (see Subsequent Events - Note 12).

In connection with the USSI Purchase Agreement, the Company established a new 2012 Stock Plan (the “USSI 2012 Stock Option Plan” or the “Plan”) under which key employees, directors and consultants of USSI may receive options to purchase up to an aggregate of 1,180,000 shares of USSI Common Stock on such terms as the Plan provides and as determined by USSI's board of directors or by such committee designated by USSI's board to administer the Plan, if any. If options to purchase all shares of USSI Common Stock available under the Plan are granted and exercised, the Company would own approximately 83.2% of USSI upon conversion of the USSI Preferred Stock. See Note 8(d).

## NOTE 5—NON-CONTROLLING INTERESTS

The composition of the net income (loss) attributable to non-controlling interests (“NCI”) is as follows:

	Nine months ended		Three months ended	
	September 30,		September 30,	
	2011	2012	2011	2012
Net income (loss) attributable to NCI in DSIT	\$(78	) \$69	\$(56	) \$4
Net loss attributable to NCI in USSI	(406	) (806	) (125	) (280
Net loss attributable to NCI	\$(484	) \$(737	) \$(181	) \$(276

## NOTE 6—INVENTORY

The composition of inventory is as follows:

	As of December 31, 2011	As of September 30, 2012
Raw materials	\$1,663	\$2,030
Work-in-process	481	603
Finished goods	—	557
	\$2,144	\$3,190

## NOTE 7—GOODWILL AND INTANGIBLE ASSETS

## (a) Goodwill

The changes in the carrying amounts of goodwill by segment from December 31, 2011 to September 30, 2012 were as follows:

	Energy & Security Sonar Solutions segment	GridSense segment	USSI segment	Power Generation Monitoring segment	Cathodic Protection segment*	Total
Balance as of December 31, 2011	\$527	\$2,708	\$1,402	\$—	\$—	\$4,637
Goodwill recorded in the acquisition of OmniMetrix (see Note 3)	—	—	—	1,517	413	1,930
Translation adjustment	(12	) 67	—	—	—	55
Balance as of September 30, 2012	\$515	\$2,775	\$1,402	\$1,517	\$413	\$6,622

\* Results for the Cathodic Protection segment are included in "Other" in Segment Reporting (see Note 11).

## (b) Intangibles

The changes in the carrying amounts of and accumulated amortization of intangible assets from December 31, 2011 to September 30, 2012 were as follows:

	Energy & Security Sonar Solutions segment		GridSense segment		USSI segment		Power Generation Monitoring segment		Cathodic Protection segment**		Total
	Cost	A.A.*	Cost	A.A.*	Cost	A.A.*	Cost	A.A.*	Cost	A.A.*	
Balance as of December 31,	\$519	\$(274)	\$2,748	\$(543 )	\$2,565	\$(235)	\$—	\$—	\$—	\$—	\$4,780



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2011											
Acquisition of license	—	—	—	—	150	—	—	—	—	—	150
Intangibles recorded in the acquisition of OmniMetrix (see Note 3)	—	—	—	—	—	—	4,385	—	1,196	—	5,581
Amortization	—	(61 )	—	(243 )	—	(107 )	—	(221 )	—	(84 )	(716 )
Cumulative translation adjustment	(11 )	7	41	(9 )	—	—	—	—	—	—	28
Balance as of September 30, 2012	\$508	\$(328)	\$2,789	\$(795 )	\$2,715	\$(342)	\$4,385	\$(221 )	\$1,196	\$(84 )	\$9,823
Weighted average estimated useful lives in years	6		10		20		13		9		

\* &