

BOS BETTER ONLINE SOLUTIONS LTD

Form 6-K

April 04, 2013

FORM 6 - K
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a - 16 or 15d -16
Under the Securities Exchange Act of 1934

For the Month of April 2013

Commission file number 001-14184

B.O.S. Better Online Solutions Ltd.
(Translation of Registrant's Name into English)

20 Freiman Street, Rishon LeZion, 75100, Israel
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x

Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

B.O.S. Better Online Solutions Ltd.

The Financial Statements and the consent attached to this Form 6-K are hereby incorporated by reference into all effective registration statements filed by us under the Securities Act of 1933, to the extent not superseded by documents or reports subsequently filed or furnished.

Attached hereto and incorporated by reference are:

1. The Consolidated Financial Statements of the Registrant as of December 31, 2012.
 2. Consent of Kost Forer Gabbay & Kasierer, a member of Ernst & Young Global.
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Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

B.O.S. Better Online Solutions Ltd.
(Registrant)

By: /s/ Eyal Cohen
Eyal Cohen
Chief Financial Officer

Dated: April 4, 2013

B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2012
IN U.S. DOLLARS
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of

B.O.S. BETTER ONLINE SOLUTIONS LTD.

We have audited the accompanying consolidated balance sheets of B.O.S Better Online Solutions Ltd. ("the Company") and subsidiaries as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and subsidiaries at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with U.S. generally accepted accounting principles.

Tel-Aviv, Israel
April 4, 2013

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

B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

| | December 31, | |
|---|------------------|------------------|
| | 2012 | 2011 |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 354 | \$ 411 |
| Trade receivables (net of allowance for doubtful accounts of \$ 127 and \$ 115 at December 31, 2012 and 2011, respectively) | 8,007 | 8,507 |
| Other accounts receivable and prepaid expenses | 616 | 744 |
| Inventories | 3,160 | 4,020 |
| Total current assets | 12,137 | 13,682 |
| LONG-TERM ASSETS: | | |
| Severance pay fund | 21 | 41 |
| Bank deposits | 438 | 427 |
| Investment in other company | - | 68 |
| Other assets | 11 | 23 |
| Total long-term assets | 470 | 559 |
| PROPERTY, PLANT AND EQUIPMENT, NET | 963 | 1,166 |
| OTHER INTANGIBLE ASSETS, NET | 357 | 540 |
| GOODWILL | 4,122 | 4,122 |
| | \$ 18,049 | \$ 20,069 |

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

B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

| | December 31, | |
|--|-----------------|-----------------|
| | 2012 | 2011 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Short-term bank loans and current maturities | \$6,383 | \$7,496 |
| Trade payables | 4,915 | 4,165 |
| Employees and payroll accruals | 408 | 553 |
| Deferred revenues | 467 | 550 |
| Current maturities of liability to Dimex Systems | 136 | 300 |
| Accrued expenses and other liabilities | 567 | 967 |
| Total current liabilities | 12,876 | 14,031 |
| LONG-TERM LIABILITIES: | | |
| Long-term bank loans, net of current maturities | 1,188 | 1,530 |
| Accrued severance pay | 119 | 163 |
| Liability to Dimex Systems, net of current maturities | 710 | 747 |
| Total long-term liabilities | 2,017 | 2,440 |
| COMMITMENTS AND CONTINGENT LIABILITIES | | |
| SHAREHOLDERS' EQUITY: | | |
| Share capital: | | |
| Ordinary shares of NIS 80.00 nominal value: Authorized; 2,500,000 shares at December 31, 2012 and 2011; Issued and outstanding: 1,132,685 and 1,116,981 shares at December 31, 2012 and 2011, respectively | 23,374 | 23,065 |
| Additional paid-in capital | 50,891 | 51,093 |
| Accumulated other comprehensive loss | (243) | (243) |
| Accumulated deficit | (70,866) | (70,317) |
| Total shareholders' equity | 3,156 | 3,598 |
| Total liabilities and shareholders' equity | \$18,049 | \$20,069 |

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

B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

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

| | Year ended December 31, | | |
|--|-------------------------|-------------|------------|
| | 2012 | 2011 | 2010 |
| Revenues | \$ 24,503 | \$ 33,434 | \$ 30,187 |
| Cost of revenues | 19,050 | 26,481 | 22,668 |
| Inventory write offs | 385 | 443 | 36 |
| Gross profit | 5,068 | 6,510 | 7,483 |
| Operating costs and expenses: | | | |
| Research and development | 125 | 403 | 372 |
| Sales and marketing | 3,058 | 4,273 | 4,068 |
| General and administrative | 1,693 | 2,252 | 1,786 |
| Impairment of other intangible assets | - | 555 | - |
| Total operating costs and expenses | 4,876 | 7,483 | 6,226 |
| Operating Profit (loss) | 192 | (973) | 1,257 |
| Financial expenses, net | (781) | (2,241) | (961) |
| Other expenses, net | (147) | (172) | (120) |
| Income (loss) before taxes on income | (736) | (3,386) | 176 |
| Tax benefit (taxes on income) | 187 | 172 | (5) |
| Income (loss) from continuing operations | (549) | (3,214) | 171 |
| Loss from discontinued operations | - | - | (806) |
| Net loss | \$ (549) | \$ (3,214) | \$ (635) |
| Basic and diluted net earnings (loss) per share from continuing operations | \$ (0.49) | \$ (4.56) | \$ 0.28 |
| Basic and diluted net loss per share from discontinued operations | \$ - | \$ - | \$ (1.24) |
| Basic and diluted net loss per share | \$ (0.49) | \$ (4.56) | \$ (0.96) |

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

B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

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

| | Year ended December 31, | | |
|--|-------------------------|------------|----------|
| | 2012 | 2011 | 2010 |
| Net loss | \$(549) | \$(3,214) | \$(635) |
| Other comprehensive income (loss): | | | |
| Change in foreign currency translation adjustment | - | (295) | 262 |
| Realized gain related to available for sale securities | - | - | (54) |
| | - | (295) | 208 |
| Comprehensive loss | \$(549) | \$(3,509) | \$(427) |

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B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands, except share data

| | Ordinary shares | Share capital and additional paid-in capital | Accumulated other comprehensive income (loss) | Accumulated deficit | Total shareholders' equity |
|--|--------------------|--|---|------------------------|----------------------------------|
| Balance at January 1, 2010 | 654,540 | \$ 70,267 | \$ (156) | \$ (66,468) | \$ 3,643 |
| Issuance of Ordinary shares for options exercised | 9,499 | - | - | - | - |
| Issuance of shares related to the private placement (net of \$ 35 issuance expenses) | 24,090 | 265 | - | - | 265 |
| Issuance of warrants related to convertible note | - | 15 | - | - | 15 |
| Share-based compensation expense | - | 217 | - | - | 217 |
| Other comprehensive loss | - | - | 208 | - | 208 |
| Net loss | - | - | - | (635) | (635) |
| Total comprehensive loss | - | - | - | (635) | (635) |
| Balance at December 31, 2010 | 688,129 | 70,764 | 52 | (67,103) | 3,713 |
| Issuance of Ordinary shares for options exercised | 8,361 | - | - | - | - |
| Issuance of Ordinary shares related to an inducement of a convertible note | 420,491 | 3,319 | - | - | 3,139 |
| Extension of warrants related to convertible note | - | 86 | - | - | 86 |
| Share-based compensation expense | - | 169 | - | - | 169 |
| Other comprehensive loss | - | - | (295) | - | (295) |
| Net loss | - | - | - | (3,214) | (3,214) |
| Total comprehensive loss | - | - | - | (3,214) | (3,214) |
| Balance at December 31, 2011 | 1,116,981 | 74,158 | (243) | (70,317) | 3,598 |
| Issuance of Ordinary shares for options exercised | 1,254 | - | - | - | - |
| Issuance of Ordinary shares to directors | 14,450 | 84 | - | - | 84 |
| Share-based compensation expense | - | 23 | - | - | 23 |
| Other comprehensive loss | - | - | - | - | - |
| Net loss | - | - | - | (549) | (549) |

| | | | | | | | | | | | |
|------------------------------|-----------|----|--------|----|------|---|----|---------|---|----|-------|
| Balance at December 31, 2012 | 1,132,685 | \$ | 74,265 | \$ | (243 |) | \$ | (70,866 |) | \$ | 3,516 |
|------------------------------|-----------|----|--------|----|------|---|----|---------|---|----|-------|

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

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B.O.S. BETTER ONLINE SOLUTIONS LTD.
AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

| | Year ended December 31, | | |
|---|-------------------------|-----------------|------------|
| | 2012 | 2011 | 2010 |
| Cash flows from operating activities: | | | |
| Net loss | \$(549) | \$(3,214) | \$(635) |
| Loss from discontinued operations | - | - | 806 |
| Net profit (loss) from continuing operations | (549) | (3,214) | 171 |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | 363 | 656 | 611 |
| Inventory write off | 385 | 443 | 36 |
| Impairment of other intangible assets | - | 555 | - |
| Capital gain / loss from sale and disposal of property, plant and equipment | 79 | - | - |
| Capital loss from sale of investment in other company | - | - | 7 |
| Currency fluctuation of long term deposits | (11) | - | - |
| Impairment of available for sale securities | - | 156 | - |
| Impairment of investment in other company | 68 | 39 | 111 |
| Severance pay, net | (24) | 5 | - |
| Share-based compensation expenses related to employees, directors and service providers | 107 | 169 | 217 |
| Amortization of discount on convertible note | 22 | 202 | 225 |
| Accrued interest on long-term convertible note and liability to Dimex Systems Ltd | 32 | 230 | 196 |
| Conversion expenses of convertible note | - | 760 | - |
| Revaluation of fair value related to extension of warrants as part of an Inducement of a convertible note | - | 86 | - |
| Decrease (increase) in trade receivables, net | 500 | (1,045) | (417) |
| Change in income tax accruals | (187) | (199) | 52 |
| Decrease (increase) in other accounts receivable and other assets | 140 | 363 | (114) |
| Decrease (increase) in inventories | 475 | 506 | 138 |
| Increase (decrease) in trade payables | 750 | (46) | 332 |
| Decrease in employees and payroll accruals, deferred revenues, accrued expenses and other liabilities | (441) | (31) | (105) |
| Net cash provided by (used in) operating activities from continuing operations | | | |