

DIGITAL POWER CORP

FORM 8-K (Current report filing)

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Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	12/31

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

Form 8-K

Current Report

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 15, 2006

DIGITAL POWER CORPORATION

(Exact name of registrant as specified in its charter)

California

(State or other
jurisdiction of
of incorporation)

1-12711

(Commission File No.)

94-1721931

(I.R.S. Employer
Identification No.)

41920 Christy Street, Fremont, California 94538
(Address of principal executive offices) (Zip Code)

(510) 657-2635
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act
(17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 - Financial Information

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Digital Power Corporation announced its results for the third quarter ended September 30, 2006, on the press release attached as Exhibit 99.

Section 9 - Financial Statements and Exhibits

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

Exhibit No. -----	Exhibit Description -----
99	Press release dated November 15, 2006, titled "Digital Power Reports Financial Results for the Third Quarter Ended September 30, 2006"

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 hereunto duly authorized.

**DIGITAL POWER CORPORATION,
a California Corporation**

Dated: November 15, 2006

/s/ Leo Yen

*Leo Yen,
Chief Financial Officer*

EXHIBIT INDEX

Exhibit No.	Exhibit Description
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99	Press release dated November 15, 2006, titled "Digital Power Reports Financial Results for the Third Quarter Ended September 30, 2006"

Digital Power Reports Financial Results for the Third Quarter Ended September 30, 2006

FREMONT, Calif., November 15, 2006, Digital Power Corporation (Amex: DPW - News) (herein "Digital Power") announced today its financial results for the third quarter ended September 30, 2006. Digital Power reported revenue of \$3,404,000 for the third quarter, an increase of 14.7% from \$2,969,000 for the same quarter last year. An operating profit of \$77,000 for the third quarter of 2006 was reported, compared to an operating profit of \$111,000 for the same quarter last year. Digital Power reported a net profit of \$75,000 for the three months ended September 30, 2006, compared to a net profit of \$112,000 for the three months ended September 30, 2005.

Revenue for the nine months ended September 30, 2006, was \$9,445,000, a 31.4% increase from revenue of \$7,187,000 for the nine months ended September 30, 2005. Net income for the nine months ended September 30, 2006, was \$129,000, compared to a net loss of \$160,000 for the same period in 2005.

Commenting on the results, President and CEO Jonathan Wax, stated:

"This marks the fifth straight quarter of profitability for Digital Power. Our operating profit was \$77,000 for the third quarter, compared to a \$28,000 operating profit for the second quarter of 2006. Included within the third quarter data was an \$82,000 reserve for bad debt associated with payment default from one customer. In addition, we showed significant improvements in our balance sheet as to our cash position, which rose to approximately \$2,020,000 in the third quarter of 2006 as compared to approximately \$1,428,000 in the same quarter of 2005. Our equity positions also increased, to approximately \$3,368,000 in the third quarter of 2006 compared to approximately \$2,461,000 in the same quarter of 2005. Our inventory levels decreased by approximately \$453,000 compared to the same quarter of last year. In addition, our gross margins improved to 26.7 % for the third quarter compared to 25.8% in the second quarter of 2006. The increase in gross margins is mainly a result of the product mix and stabilization with our supply base in relation to implementation of the RoHs (lead free) initiatives, which were required for most product lines by July 1, 2006."

Digital Power designs, develops, manufactures, markets, sells, and distributes switching power supplies to industrial, telecommunication, data communication, medical, and military industries. Digital Power's headquarters are located at 41920 Christy Street, Fremont, California, 94538-3158; phone number 510- 657-2635.

The foregoing contains forward-looking statements, which are subject to contingencies and uncertainties, which are set forth in Digital Power's Form 10-KSB and other filings with the Securities and Exchange Commission. Such forward-looking statements are not guarantees of future performance and are based upon assumptions about future conditions that could prove to be inaccurate including, but not limited to, that the Company will be able to lower its production costs and market conditions are improving in Digital Power's industry. Actual events, transactions, and results may differ materially from anticipated events, transactions or results described in such statements.

Digital Power Corporation

Financial Data

(In thousands except for per share amounts)

Statement of Operations Data	Three months		Nine months	
	Ended September 30, 2006	2005	Ended September 30, 2006	2005
Revenues	\$3,404	\$2,969	\$9,445	\$7,187
Operating profit (loss)	77	111	143	(73)
Net profit (loss)	75	112	129	(160)
Basic net income (loss)				
Per share	\$0.011	\$0.02	\$0.020	\$(0.03)
Diluted net income (loss)				
Per share	\$0.011	\$0.02	\$0.019	\$(0.03)
Balance Sheet Data	As of September 30,			
	2006	2005		
Working capital	\$3,200	\$2,252		
Total assets	6,267	5,704		
Shareholders' equity	3,368	2,461		