

DIGITAL POWER CORP

FORM 8-K

(Unscheduled Material Events)

Filed 5/16/2006 For Period Ending 3/31/2006

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

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U.S. 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): May 15, 2006

DIGITAL POWER CORPORATION

(Exact name of small business issuer as specified in its charter)

California	1-12711	94-1721931
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(State or other	(Commission File No.)	(IRS Employer
jurisdiction of		Identification No.)

incorporation or organization)

41920 Christy Street, Fremont, CA 94538-3158
(Address of principal executive offices)

(510) 657-2635
(Issuer's telephone number)

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 first quarter ended March 31, 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
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99	Press release dated May 15, 2006, titled "Digital Power Reports Financial Results for the First Quarter Ended March 31, 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: May 15, 2006

/s/ Leo Yen

*Leo Yen,
Chief Financial Officer*

EXHIBIT INDEX

Exhibit No.	Exhibit Description
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99	Press release dated May 15, 2006, titled "Digital Power Reports Financial Results for the First Quarter Ended March 31, 2006"

Digital Power Reports Financial Results for the First Quarter Ended March 31, 2006

FREMONT, Calif., May 15, 2006, Digital Power Corporation (Amex: DPW

- News) (herein "Digital Power") today announced its financial results for the first quarter ended March 31, 2006.

Digital Power reported revenue of \$2,708,000 for the quarter ended March 31, 2006, an increase of 39.9% from \$1,935,000 for the same quarter last year. An operating profit of \$38,000 for the first quarter of 2006 was reported, compared to an operating loss of \$172,000 for the same quarter last year. Digital Power reported a net profit for the three months ended March 31, 2006 of \$37,000 compared to a net loss of \$183,000 for the three months ended March 31, 2005.

Commenting on the results, Jonathan Wax, President and CEO stated "This marks the eighth straight quarter of revenue growth when compared against the same quarter of the previous year and the third straight quarter of profitability for Digital Power. Our operating performance improved by over \$210,000 from the same quarter last year primarily from the increase in revenue. Our gross margins declined slightly as gross margins were 28.9% for the three months ended March 31, 2006, compared to 31.5% for the three months ended March 31, 2005. The decrease in gross margins is mainly a result of the product mix and supply channel disruptions associated with the implementation of the RoHs (lead free) initiatives, which are required for most product lines by July 1st, 2006."

Digital Power designs, develops, manufactures, markets, sells and distribute 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	
	Ended 2006	March 31, 2005
Revenues	\$2,708	1,935
Operating income(loss)	38	(172)
Income(loss) before income taxes	37	(183)
Net Income(loss)	37	(183)
Basic and diluted net Income (loss)		
Per share	\$0.006	\$(0.03)
Balance Sheet Data	As of March 31,	
	2006	2005
Working capital	\$2,653	\$2,251
Total assets	5,501	4,841
Shareholders' equity	2,831	2,495