

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): August 10, 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 second quarter ended June 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 August 10, 2006, titled "Digital Power Reports Financial Results for the Second Quarter Ended June 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: August 10, 2006

/s/ Leo Yen

Leo Yen,
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Exhibit Description
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99	Press release dated August 10, 2006, titled "Digital Power Reports Financial Results for the Second Quarter Ended June 30, 2006"

Digital Power Reports Financial Results for the Second Quarter Ended June 30, 2006

FREMONT, Calif., August 10, 2006, Digital Power Corporation (Amex: DPW - News) (herein "Digital Power") announced today its financial results for the second quarter ended June 30, 2006.

Digital Power reported revenue of \$3,333,000 for the second quarter, an increase of 46% from \$2,283,000 for the same quarter last year. An operating profit of \$28,000 for the second quarter of 2006 was reported, compared to an operating loss of \$12,000 for the same quarter last year. Digital Power reported a net profit of \$17,000 for the three months ended June 30, 2006, compared to a net loss of \$89,000 for the three months ended June 30, 2005.

Revenue for the six months ended June 30, 2006, was \$6,041,000, a 43.2% increase from revenue of \$4,218,000 for the six months ended June 30, 2005. Net income for the six months ended June 30, 2006, was \$54,000, compared to a net loss of \$272,000 for the same period in 2005.

Commenting on the results, President and CEO, Jonathan Wax, stated: "This marks the ninth straight quarter of revenue growth when compared against the same quarter of the previous year, and the fourth straight quarter of profitability for Digital Power. Our operating performance improved by over \$40,000 compared to the same quarter last year, primarily from the increase in revenue. We continue to be very impressed by the improvements we have made in our revenue stream and in the company's fundamentals, which is a clear indication that the Company has achieved a level of financial stability not seen in many years. This stability, along with the AMEX decision earlier in the quarter to reinstate Digital Power to a continued listing status, is very positive. Our gross margins declined slightly for the second straight quarter. Margins were 25.8% for the three months ended June 30, 2006, compared to 28% for the three months ended June 30, 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 were required for most product lines by July 1, 2006. As more and more of our product lines become RoHs compliant and we continue to transfer newer generation products to the Far East, we are anticipating a greater level of stability with our gross margin levels. We were also quite pleased with improvements in our shareholder's equity, cash, and working capital, all of which exhibited an improvement compared to the previous quarter and to the same quarter of the previous year."

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		Six months	
	Ended 2006	June 30, 2005	Ended 2006	June 30, 2005
Revenues	\$3,333	\$2,283	\$6,041	\$4,218
Operating profit (loss)	28	(12)	66	(184)
Net profit (loss)	17	(89)	54	(272)
Basic net income (loss)				
Per share	\$0.003	\$(0.01)	\$0.009	\$(0.04)
Diluted net income (loss)				
Per share	\$0.002	\$(0.01)	\$0.008	\$(0.04)
Balance Sheet Data	As of June 30,			
	2006	2005		
Working capital	\$3,056	\$2,164		
Total assets	6,301	5,069		
Shareholders' equity	3,223	2,387		