

PROVIDENT FINANCIAL HOLDINGS INC
Form 8-K
January 28, 2010

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): January 28, 2010

PROVIDENT FINANCIAL HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	000-28304 (Commission File Number)	33-0704889 (I.R.S. Employer Identification No.)
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3756 Central Avenue, Riverside, California (Address of principal executive offices)	92506 (Zip Code)
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Registrant's telephone number, including area code: (951) 686-6060

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.

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))

Item 2.02 Results of Operations and Financial Condition

On January 28, 2010, Provident Financial Holdings, Inc. (“Corporation”), the holding company for Provident Savings Bank, F.S.B., distributed its quarterly results for the quarter ended December 31, 2009. A copy of the news release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On January 28, 2010, the Corporation posted its Investor Presentation on the Corporation’s website, www.myprovident.com, under Presentations in the Investor Relations section. A copy of the Investor Presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d)Exhibits

- 99.1 News release of the Corporation’s quarterly results for the quarter ended December 31, 2009.
- 99.2 Investor Presentation of Provident Financial Holdings, Inc. dated December 31, 2009.

SIGNATURES

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.

Date: January 28, 2010

PROVIDENT FINANCIAL HOLDINGS, INC.

/s/ Craig G. Blunden
 Craig G. Blunden
 Chairman, President and Chief Executive Officer
 (Principal Executive Officer)

/s/ Donavon P. Ternes
 Donavon P. Ternes
 Chief Operating Officer and Chief Financial Officer
 (Principal Financial and Accounting Officer)

===== NOTE 4:- ACCOUNTING FOR STOCK BASED COMPENSATION a. Share Option Plans: 1. Under the Company's stock option plans, options may be granted to employees, officers, consultants, service providers and directors of the Company or its subsidiaries. 2. As of March 31, 2007, the Company has authorized, by several Incentive Share Option Plans, the grant of options to officers, management, other key employees and others of up to 2,272,200 of the Company's Common shares. As of March 31, 2007, an aggregate of 668,715 of the Company's options are still available for future grant. -10- DIGITAL POWER CORPORATION ----- NOTE 4:- ACCOUNTING FOR STOCK BASED COMPENSATION (Cont.) 3. The options granted generally become fully exercisable after four years and expire no later than 10 years from the approval date of the option plan under the terms of grant. Any options that are forfeited or cancelled before expiration become available for future grants. A summary of the Company's employee share option activity (except options to consultants and service providers) and related information is as follows: Three months ended March 31, 2007 ----- Weighted average Weighted remaining Amount average contractual Aggregate of exercise term intrinsic options price (years) value*) ----- Outstanding at the beginning of the period 901,225 \$1.12 6.63 Granted 80,000 \$1.70 Forfeited (20,035) \$1.12 ----- Outstanding at the end of the period 961,190 \$1.17 6.67 255,120 ===== Exercisable options at the end of the period 772,440 \$1.08 6.00 246,045 ===== *) Calculation of aggregate intrinsic value is based on the share price of the Company's Common stock as of March 31, 2007 (\$1.27 per share). Grants for the three months ended March 31, 2006: Under the provisions of SFAS 123(R), the fair value of each option is estimated on the date of grant using a Black-Scholes option valuation model that uses the assumptions noted in the following table. Because Black-Scholes option valuation models incorporate various judgmental assumptions for inputs, those assumptions are

disclosed. Expected volatility is based exclusively on historical volatility of the entity's stock as allowed by SFAS 123(R). The Company uses historical information with respect to the employee options exercised to estimate the expected term of options granted, representing the period of time that options granted are expected to be outstanding. The risk-free interest rate of period within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

-11- DIGITAL POWER CORPORATION ----- NOTE 4:-
 ACCOUNTING FOR STOCK BASED COMPENSATION (Cont.) Three months ended March 31, 2007 -----
 Unaudited ----- Expected volatility 102-118% Divided Yield 0% Expected life of up to (in years) 5-7 Risk free interest rate 4.47-5.03% The fair value of options granted during the first quarter of 2007 was \$ 1.39. As of March 31, 2007, there was \$ 185 of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the plan. That cost is expected to be recognized over a period of 4 years.

b. Employee Stock Ownership Plan: The Company has an Employee Stock Ownership Plan ("ESOP") covering eligible employees. The ESOP provides for the Employee Stock Ownership Trust ("ESOT") to distribute shares of the Company's Common shares as retirement benefits to the participants. The Company has not distributed shares since 1998. As of March 31, 2007, the outstanding Common shares held by the ESOT amount to 167,504 shares.

NOTE 5:- NET EARNINGS PER SHARE The following table sets forth the computation of the basic and diluted net earnings per share:

1. Numerator: Three months ended March 31, -----	2007	2006	-----
Net income available to Common stockholders	\$ 41	\$ 37	=====
2. Denominator: Denominator for basic net earnings per share of weighted average number of Common stock	6,610,708	6,261,859	-----

Effect of dilutive securities: Employee stock options 346,182 192,912 Convertible note -- 235,849 -----

NOTE 6:- SEGMENTS, MAJOR CUSTOMERS AND GEOGRAPHIC INFORMATION The Company has two reportable geographic segments, see Note 1 for a brief description of the Company's business. The data is presented in accordance with Statement of Financial Accounting Standard No.131, "Disclosure About Segments of an Enterprise and Related Information" ("SFAS No. 131"). The following data presents the revenues, expenditures and other operating data of the Company's geographic operating segments: Three months ended March 31, 2007 (unaudited)

-----	DPC	DPL	Eliminations	Total	-----	Revenues
\$ 1,203	\$ 1,539	\$ --	\$ 2,742	Intersegment revenues	36	-- (36) --
-----	-----	-----	-----	-----	-----	Total revenues
\$ 1,239	\$ 1,539	\$ (36)	\$ 2,742	-----	-----	Depreciation expense
\$ --	\$ 19	-----	-----	-----	-----	\$ 5
-----	-----	-----	-----	-----	-----	Operating income (loss)
-----	-----	-----	-----	-----	-----	\$ (57)
-----	-----	-----	-----	-----	-----	\$ 82
-----	-----	-----	-----	-----	-----	\$ --
-----	-----	-----	-----	-----	-----	\$ 25
-----	-----	-----	-----	-----	-----	Financial income, net
-----	-----	-----	-----	-----	-----	\$ 16
-----	-----	-----	-----	-----	-----	Net income (loss)
-----	-----	-----	-----	-----	-----	\$ (47)
-----	-----	-----	-----	-----	-----	\$ 88
-----	-----	-----	-----	-----	-----	\$ --
-----	-----	-----	-----	-----	-----	\$ 41
-----	-----	-----	-----	-----	-----	Expenditures for segment assets as of March 31, 2007
--	\$ 18	--	\$ 18	-----	-----	\$ 18
-----	-----	-----	-----	-----	-----	Identifiable assets as of March 31, 2007
2,340	\$ 3,035	\$ --	\$ 5,375	-----	-----	\$ 2,340

-13- DIGITAL POWER CORPORATION ----- NOTE 6:- SEGMENTS, MAJOR CUSTOMERS AND GEOGRAPHIC INFORMATION (Cont.) Three months ended March 31, 2006 (unaudited) -----

-----	DPC	DPL	Eliminations	Total	-----	Revenues
\$ 1,423	\$ 1,285	\$ --	\$ 2,708	Intersegment revenues	210	-- (210) --
-----	-----	-----	-----	-----	-----	Total revenues
\$ 1,633	\$ 1,285	\$ (210)	\$ 2,708	-----	-----	Depreciation expense
\$ 5	\$ 15	\$ --	\$ 20	-----	-----	\$ 5
-----	-----	-----	-----	-----	-----	Operating income
\$ 9	\$ 29	\$ --	\$ 38	-----	-----	\$ 9
-----	-----	-----	-----	-----	-----	Financial expenses, net (1)
-----	-----	-----	-----	-----	-----	\$ 12
-----	-----	-----	-----	-----	-----	\$ 25
-----	-----	-----	-----	-----	-----	\$ --
-----	-----	-----	-----	-----	-----	\$ 37
-----	-----	-----	-----	-----	-----	Expenditures for segment assets as of March 31, 2006
\$ --	\$ 2	\$ --	\$ 2	-----	-----	\$ --
-----	-----	-----	-----	-----	-----	Identifiable assets as of March 31, 2006
\$ 2,459	\$ 3,042	\$ --	\$ 5,501	-----	-----	\$ 2,459

-14- ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION With the exception of historical facts stated herein, the matters discussed in this report are "forward looking" statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. Such "forward looking" statements include, but are not necessarily limited to, statements regarding anticipated levels of future revenues and earnings from operations of the Company. Factors that could cause actual results to differ materially include, in addition to other factors identified in this report, dependence on the electronic equipment industry, competition in the power supply industry, dependence on manufacturers in China and other risks factors detailed in the Company's Form 10-KSB for the year ended December 31, 2006. Readers of this report are cautioned not to put undue reliance on "forward looking" statements which are, by their nature, uncertain as reliable

indicators of future performance. The Company disclaims any intent or obligation to publicly update these "forward looking" statements, whether as a result of new information, future events, or otherwise. GENERAL We are engaged in the business of designing, developing, manufacturing, marketing, selling and distributing switching power supplies to the industrial, telecommunication, data communication, medical and military industries. Revenues are generated from sales to distributors and OEMs in North America and Europe. We have continued our efforts to increase sales to existing and new customers, and continue our strategy to manufacture our products in the Far East. While we believe our revenues have increased to a sufficient amount to offset our expenses, we may be subject to net losses in an individual quarter. We believe that our cash will be sufficient to fund those losses for at least 12 months. Our corporate office, which contains our administrative, sales, and engineering functions, is located in Fremont, California (DPC). In addition the Company has a wholly-owned subsidiary, Digital Power Limited ("DPL"), located in Salisbury, England. THREE MONTHS ENDED MARCH 31, 2007, COMPARED TO MARCH 31, 2006 REVENUES Total revenues increased by 1.3% to \$2,742,000 for the first quarter ended March 31, 2007, from \$2,708,000 for the first quarter ended March 31, 2006. Revenues from the domestic operations of DPC decreased by 15.5% to \$1,203,000 for the first quarter ended March 31, 2007, from \$1,423,000 for the first quarter ended March 31, 2006. Revenues from the Company's European operations of DPL increased 19.8% to \$1,539,000 for the first quarter ended March 31, 2007, from \$1,285,000 for the first quarter ended March 31, 2006. -15- GROSS MARGINS Gross margins were 28.3% for the three months ended March 31, 2007, compared to 28.9% for the three months ended March 31, 2006. ENGINEERING AND PRODUCT DEVELOPMENT Engineering and product development expenses were 8.1% of revenues for the three months ended March 31, 2007, and 5.1 % for the three months ended March 31, 2006. The increase is mainly due to product safety expenses and contract services. SELLING AND MARKETING Selling and marketing expenses were 8.4% of revenues for the three months ended March 31, 2007, compared to 11.2% for the three months ended March 31, 2006. Actual dollar expenditures decreased by \$73,000 mainly due to headcount reduction. GENERAL AND ADMINISTRATIVE General and administrative expenses were 10.9% of revenues for the three months ended March 31, 2007 compared to 11.2% for the three months ended March 31, 2006. In actual dollars, general and administrative expenses remained approximately at the same level. FINANCIAL INCOME Net financial income was \$16,000 for the three months ended March 31, 2007, compared to net financial expense of \$1,000 for the three months ended March 31, 2006. Financial income is mainly from interest received from the exchange rate fluctuation of the Company's United Kingdom's operations of DPL. NET INCOME Net income for the three months ended March 31, 2007, was \$41,000 compared to net income of \$37,000 for the three months ended March 31, 2006. LIQUIDITY AND CAPITAL RESOURCES On March 31, 2007, the Company had cash, cash equivalent and a short-term bank deposit of \$1,225,000 and working capital of \$3,373,000. This compares with cash and cash equivalent of \$1,419,000 and working capital of \$2,653,000 at March 31, 2006. The increase in working capital is mainly due to increase in inventory, decrease in accounts payable and deferred revenues. Cash used in operating activities for the Company totaled \$252,000 for the three months ended March 31, 2007, compared to cash used of \$132,000 for the three months ended March 31, 2006. Cash used in investing activities was \$18,000 for the three months ended March 31, 2007, compared to cash used of \$3,000 for the three months ended March 31, 2006. Net cash provided by financing activities was \$140,000 for the three months ended March 31, 2006. -16- PART II. OTHER INFORMATION ITEM 1. LEGAL PROCEEDINGS None. ITEM 2. CHANGES IN SECURITIES None. ITEM 3. DEFAULTS UPON SENIOR SECURITIES None. ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS None. ITEM 5. OTHER INFORMATION None. ITEM 6. EXHIBITS Exhibits 31.1 Certification of the CEO under the Sarbanes-Oxley Act 31.2 Certification of the CFO under the Sarbanes-Oxley Act 32 Certification of the CEO & CFO under the Sarbanes-Oxley Act -17- SIGNATURES In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. DIGITAL POWER CORPORATION (Registrant) Date: ----- Jonathan Wax, Chief Executive Officer (Principal Executive Officer) Date: ----- Leo Yen, Chief Financial Officer (Principal Financial Officer)