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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 7, 2007

DIGIRAD CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	000-50789	33-0145723
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

13950 Stowe Drive
Poway, California 92064
(Address of principal executive offices, including zip code)

(858) 726-1600
(Registrant's telephone number, including area code)

N/A
(Former name or former address, if changed since last report)

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))
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Item 2.02. Results of Operations and Financial Condition

On May 7, 2007, Digirad Corporation issued a press release announcing financial
results for the quarter ended March 31, 2007. A copy of this press release is
attached hereto as Exhibit 99.1.

This information and the exhibits hereto are being furnished and shall not be
deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act
of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability
of that section, nor shall they be deemed incorporated by reference in any
filing under the Securities Act of 1933, as amended, or the Exchange Act, except
as expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits.

Exhibit No.	Description
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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.

DIGIRAD CORPORATION

By: /s/ Todd Clyde

Todd Clyde
Chief Financial Officer

Date: May 7, 2007

Digirad Reports First Quarter Profit

Net Income is \$74,000 Versus Net Loss of \$2.8 Million Last Year

Gross Margin Increased to 31% From 23.2% Last Year

Operating Expenses Decreased 23.9% Versus Prior Year

Management Raises 2007 Guidance

POWAY, Calif.--(BUSINESS WIRE)--May 7, 2007--Digirad Corporation (NASDAQ:DRAD), a leading provider of cardiovascular imaging services and solid-state nuclear medicine imaging products to physician offices, hospitals and imaging centers, today announced net income of \$74,000 for the first quarter of 2007 compared to a net loss of \$2.8 million for the first quarter of 2006.

"Gross margin for this year's first quarter increased in both the Company's DIS and product businesses and operating expenses declined versus the prior year, extending the positive trends established during 2006. We are pleased with these gains and believe further improvements are achievable," said Chief Executive Officer Mark Casner.

"Contributing to our optimism is our recent acquisition of Ultrascan, Inc., a leading provider of mobile ultrasound and nuclear medicine services primarily in Georgia. Ultrasound is a natural complement to the cardiac nuclear imaging services we offer in our DIS business. We believe this transaction is a significant step forward in our commitment to diversifying our mobile service offerings and creating new opportunities for future growth. We expect Ultrascan to make a positive contribution to DIS' financial performance beginning this year."

First Quarter Results

For the three months ended March 31, 2007, consolidated revenues decreased 7.5% to \$17.5 million compared to \$19.0 million for the first quarter of 2006.

DIS revenue for this year's first quarter was \$12.2 million, which included no revenue from stress agents. This compares to DIS revenue for the first quarter of 2006 of \$13.2 million, which included stress agent revenue of \$1.1 million.

Digirad upgraded eight additional units in its 82-unit DIS fleet to the Company's most advanced Cardius(R)-3 XPO mobile cameras during the first quarter, and now has 27 multi-head mobile cameras operating in its mobile imaging service business. "In addition to providing a more comfortable experience for the patient and excellent image quality for the physician-user, we have long believed that the more rapid throughput and enhanced reliability of our XPO platform will help us improve employee retention and reduce labor costs. We are beginning to see evidence that this program can deliver the cost benefits we anticipated," Casner said.

Product segment revenue, which includes gamma camera sales and maintenance revenue, decreased 6.9% to \$5.3 million for the first quarter of 2007 compared to \$5.7 million for the first quarter of 2006, the result of a change in the mix of cameras sold and a decrease in average selling prices. Digirad sold 19 cameras in this year's first quarter compared to 18 in the first quarter of 2006.

Consolidated gross profit for the three months ended March 31, 2007 increased 23.9% to \$5.4 million, or 31.0% of revenues, from \$4.4 million, or 23.2% of revenues, for the first quarter of 2006.

DIS gross margin increased to 26.7% of revenue for this year's first quarter compared to 21.1% for the first quarter of 2006. "The positive effect of cost-reduction efforts in our imaging services business is evident in this year's first quarter results," Casner said.

Product segment gross margin improved to 40.9% for the first quarter of 2007 compared to 28.0% for last year's first quarter. "We attribute the increase in gross margin versus the prior year period to our cost reduction and outsourcing initiatives, and saw this improvement despite continued pressure on average selling prices in

what remains a difficult market environment," Casner noted.

Operating expenses declined 23.9% to \$5.9 million for the first quarter of 2007 compared to \$7.7 million for the first quarter of 2006. "Cost control remains one of our highest priorities," Casner said.

Net income for the first quarter of 2007 was \$74,000, or \$0.00 per share, which included stock-based compensation expense of \$274,000. This compares to a net loss of \$2.8 million, or \$0.15 per share, for the first quarter of 2006, which included stock-based compensation expense of \$471,000.

Cash and equivalents and securities available for sale at March 31, 2007 were \$39.8 million compared to \$44.3 million at December 31, 2006. Net receivables were \$8.8 million at March 31, 2007 compared to \$7.5 million at December 31, 2006. Net inventories were \$6.8 million at March 31, 2007 compared to \$5.9 million at December 31, 2006.

Management Increases 2007 Guidance

Reflecting the results for the first quarter and the acquisition of Ultrascan, Digirad currently anticipates consolidated revenues for 2007 in the range of \$77 million to \$80 million, consisting of DIS revenue between \$54 million and \$56 million and product revenue between \$23 million and \$24 million; and a bottom line ranging from a consolidated net loss of \$500,000 to \$2.5 million, including estimated stock-based compensation expense of \$1.1 million. Digirad anticipates no stress agent revenue for 2007 versus stress agent revenue of \$2.0 million for 2006.

Conference Call

Digirad has scheduled a conference call at 11:00 a.m. ET today. A simultaneous web cast of the call may be accessed from the Events and Presentations link on the Investor Relations page of www.digirad.com. A replay will be available for one year at this same Internet address. A telephone replay will be available for 48 hours after the call by dialing (800) 642-1687, reservation #2037699.

About Digirad

Digirad Corporation develops, manufactures and markets solid-state, digital gamma cameras to hospitals, imaging centers and physician offices. Digirad offers a comprehensive line of solid-state nuclear gamma cameras that produce high-quality images for use in the detection of many medical conditions, including cardiovascular disease. Digirad's cameras are unique as their lightweight and compact design allows them to fit easily into small office spaces. Digirad's wholly owned subsidiary, Digirad Imaging Solutions (DIS), offers a comprehensive mobile imaging leasing and services program for physicians who wish to perform in-office nuclear cardiology and ultrasound procedures without purchasing the equipment. For more information, please visit www.digirad.com. Digirad(R), Digirad Imaging Solutions(R), and Cardius(R) are registered trademarks of Digirad Corporation.

Forward-Looking Statements

Digirad cautions that statements included in this press release that are not a description of historical facts are forward-looking statements. You can identify these statements by the fact that they do not relate strictly to historical or current facts and use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with a discussion of future operating or financial performance or events. Examples of such statements include the statements regarding our expectations of gross margin improvements and declining operating expenses in both DIS and the product business; our belief that the Ultrascan acquisition is complementary to and will make a positive contribution to the financial results of our DIS business and provides opportunities for diversification and the creation of future growth; our expectations of improved performance, employee retention and lower costs from our upgrade of the DIS fleet to the mobile version of the Cardius 3 XPO system; our expectations of achieving reduced operating costs as a result of cost cutting measures; and, in general, our anticipated financial results for 2007. The inclusion of these and other forward-looking statements should not be regarded as a representation by Digirad that any of its plans will be achieved. Actual results may differ materially from those set forth in this press release due to the risks and uncertainties inherent in Digirad's

business including, without limitation: the degree to which personnel changes and related disruptions in our business activities may affect Digirad's products, customers, work force, suppliers, and our overall business prospects and operations; the degree to which Digirad's camera systems and related services will be accepted by physicians and hospitals some of whom may experience reliability issues or technical problems; the ability of Digirad effectively to market, sell and distribute its medical devices, and related services given its limited capabilities in these areas; Digirad's ability to manage risks relating to product liability, warranty claims, recalls, property damage and personal injury with respect to its imaging systems; and other risks detailed in Digirad's Securities and Exchange Commission filings, including its Annual Report on Form 10-K and other reports filed with the Securities and Exchange Commission. Given these uncertainties, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. All forward-looking statements are qualified in their entirety by this cautionary statement and Digirad undertakes no obligation to revise or update this press release including the forward-looking statements contained herein to reflect events or circumstances after the date hereof or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

Digirad Corporation
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2007	2006
	(unaudited)	
Revenues:		
DIS	\$ 12,197	\$ 13,217
Product	5,341	5,738
Total revenues	17,538	18,955
Cost of revenues:		
DIS	8,938	10,432
Product	3,158	4,130
Total cost or revenues	12,096	14,562
Gross profit	5,442	4,393
Operating expenses:		
Research and development	782	1,096
Sales and marketing	2,098	2,459
General and administrative	2,978	4,138
Total operating expenses	5,858	7,693
Loss from operations	(416)	(3,300)
Interest and other, net	490	496
Net income (loss)	\$ 74	\$ (2,804)
Net income (loss) per share:		
Basic and diluted	\$ 0.00	\$ (0.15)
Weighted average shares outstanding:		
Basic	18,815	18,710
Diluted	19,200	18,710

Stock-based compensation expense is included in the above as follows:

Cost of DIS revenue	\$	25	\$	20
Cost of Product revenue		26		18
Research and development		23		42
Sales and marketing		50		75
General and administrative		150		316

Digirad Corporation
Condensed Consolidated Balance Sheets(1)
(in thousands)

	March 31, 2007	December 31, 2006
	----- (unaudited)	-----
Assets		
Cash and cash equivalents	\$ 9,711	\$ 10,070
Securities available-for-sale	30,054	34,256
Accounts receivable, net	8,836	7,534
Inventories, net	6,801	5,860
Other current assets	1,505	1,499
	-----	-----
Total current assets	56,907	59,219
Property and equipment, net	10,689	9,570
Intangibles, net	422	428
Restricted cash	60	60
	-----	-----
Total assets	\$ 68,078	\$ 69,277
	=====	=====
Liabilities and stockholders' equity		
Accounts payable	\$ 2,029	\$ 2,643
Accrued compensation	2,497	3,650
Accrued warranty	993	788
Other accrued liabilities	3,351	3,306
Deferred revenue	2,721	2,775
Current portion of long-term debt	294	269
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Total current liabilities	11,885	13,431
Long-term debt, net of current portion	41	99
Deferred rent	285	302
Total stockholders' equity	55,867	55,445
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Total liabilities and stockholders' equity	\$ 68,078	\$ 69,277
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(1) The condensed consolidated balance sheet as of December 31, 2006 has been derived from the audited financial statements as of that date.

CONTACT: Digirad Corporation
Todd Clyde, CFO, 858-726-1600
ir@digirad.com
or
Neil Berkman Associates
Investor Contact: 310-826-5051
info@BerkmanAssociates.com