



A DPAC TECHNOLOGIES COMPANY

FOR IMMEDIATE RELEASE

DPAC TECHNOLOGIES REPORTS FINANCIAL RESULTS FOR THE SECOND QUARTER OF FISCAL YEAR 2007

Hudson, OH, August 14, 2007 – DPAC Technologies Corp. (OTCBB: DPAC), a leader in device networking and connectivity solutions, today reported results for its second quarter ended June 30, 2007.

These results include the combined operations of DPAC Technologies Corp. and QuaTech, Inc. which combined on February 28, 2006 as previously announced. As a result of the merger, QuaTech has become a wholly-owned subsidiary of DPAC. For accounting purposes, the transaction is considered a “reverse merger” under which QuaTech is considered the acquirer of DPAC. Accordingly, the purchase price was allocated among the fair values of the assets and liabilities of DPAC, while the historical results of QuaTech are reflected in the results of the combined company (the “Company”). The results of operations are those of QuaTech prior to the merger date, and combined QuaTech and DPAC after the merger date of February 28, 2006.

Second Quarter Operating Results

For the second quarter of 2007, net sales of \$2.9 million decreased 17% from net sales of \$3.5 million in the second quarter of 2006, and increased 2% from net sales of \$2.8 million in the first quarter of 2007. Net sales related to the Company’s Device Connectivity products decreased by \$977,000, or 35%, and net sales related to the Company’s Device Networking products, including the Airborne wireless product line, increased by \$374,000, or 52% over the quarter ended June 30, 2006. The Company reported an operating loss of \$52,000 as compared to an operating profit of \$97,000 for the second quarter of 2006 and an operating loss of \$162,000 for the first quarter of 2007. The Company’s net loss for the current year second quarter totaled \$382,000 as compared to a net loss of \$296,000 for the prior year’s second quarter, and a net loss of \$539,000 for the first quarter of 2007. Total operating expenses incurred in the second quarter of 2007 of \$1.2 million decreased by \$239,000, or 16%, from the previous year period. The decrease was due primarily to decreases in sales and marketing expenses of \$193,000 and G&A expenses of \$89,000, as the Company continued to integrate operating departments since the date of the Merger. Additionally, the company recorded a non-cash gain of \$54,000 in the current period compared to a charge of \$164,000 in the prior year quarter for the fair value adjustment

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for the liability for warrants. An income tax benefit of \$152,000 was recorded in the second quarter of 2006 and no income tax benefit was recorded in the current year period as a full valuation allowance was recorded against deferred tax assets in the fourth quarter of 2006.

Six Months Operating Results

Net sales of \$5.7 million for the first six months of 2007 decreased by 14% from net sales of \$6.7 million for the same period of 2006. Net sales related to the Company's Device Connectivity products decreased \$1.8 million, or 32%, while net sales related to the Company's Device Networking products, including the Airborne wireless product line, increased by \$803,000, or 67% over the six months ended June 30, 2006. The Company reported an operating loss of \$214,000 as compared to an operating gain of \$45,000 for the 2006 period. The Company's net loss for the current year period totaled \$921,000 compared to \$543,000 for the prior year period. Interest expense of \$757,000 for the first six months of 2007 included non-cash charges totaling \$443,000, for the amortization of deferred financing charges discounts and the accretion of success fees and discount on the subordinated debt. An income tax benefit of \$291,000 was recorded in the 2006 period and no income tax benefit was recorded in the current year period as a full valuation allowance was recorded against deferred tax assets in the fourth quarter of 2006.

Balance Sheet and Liquidity Summary

At June 30, 2007 we had a cash balance of \$223,000 and a deficit in working capital of \$3,591,000. This compares to a cash balance of \$38,000 and a deficit in working capital of \$2,851,000 at the end of fiscal year 2006. Additionally, the Company has Bank loan balances of approximately \$2,078,000 which are due and payable on August 24, 2007 and a subordinated debt obligation of approximately \$1,884,000 which is due and payable on August 31, 2007. The amount of cash the Company can generate from future operations will not be sufficient to satisfy the debt obligations at that time. If the Company does not raise sufficient equity or debt financing to pay its loan balances on the due dates above, the Company will be in default of its debt obligations.

Management is currently engaged in seeking additional funds to satisfy the debt obligations either through an equity capital raise or through new debt financing, or a combination of both. We may also seek to merge the Company with another entity or look to sell certain assets of the Company. Although management believes that efforts currently underway to obtain additional funding can be successful, there can be no assurance that additional financing will be available if and when needed on terms favorable to the Company.

Comments

Chief Executive Officer and President Steve Runkel commented, "Our second quarter results reflect continued softness in our Device Connectivity product line offset by continued growth in our Device Networking products. Our Device Connectivity revenue was down 8% sequentially and down 35% on a year over year basis. This revenue shortfall was primarily due to decreased



shipments to several of our traditional OEM customers that utilize our serial port connectivity products.”

Mr. Runkel continued: “Our Device Networking products generated revenue growth of 22% sequentially and growth of 52% on a year over year basis, reflecting our continued success in this market.”

“Additionally, we continue to reduce our spending levels as we complete the integration initiatives from the merger in Q1, 2006. On a year to date basis our spending in Sales and Marketing has decreased by 32.5% as a result of integrating the two sales teams. Our general and administrative expenses decreased by \$89,000 as a result of moving out of the Garden Grove facility.”

About DPAC Technologies

DPAC Technologies provides embedded wireless networking products for machine-to-machine communication applications. DPAC’s Airborne™ and AirborneDirect™ wireless products are used by major OEMs in the transportation, instrumentation and industrial control, homeland security, medical diagnostics and logistics markets to provide remote data collection and control. DPAC Technologies is based in Hudson, OH. The Company’s web site address is www.dpactech.com. Information concerning DPAC is filed by DPAC with the SEC and is available on the SEC website, www.sec.gov.

About QuaTech

QuaTech, Inc., a wholly-owned subsidiary of DPAC, delivers high performance device networking & connectivity solutions to help companies improve their bottom line performance. Quatech enables reliable machine-to-machine (M2M) communications via secure 802.11 wireless or traditional wired networks with industrial grade (hardened) embedded radios, modules, boards and external device servers and bridges. For local and mobile connections, Quatech serial adapters provide secure connectivity and port expansion via any interface option. Satisfied customers rely on our unique combination of performance and support to improve bottom line performance through real-time remote monitoring & control, streamlined systems and lower total cost of ownership (TCO). Quatech markets its products through a global network of distributors, resellers, systems integrators and original equipment manufacturers (OEMs). Founded in 1983, Quatech is headquartered in Hudson, Ohio, and merged with DPAC Technologies, Inc. in February 2006. www.quatech.com.

Forward-Looking Statements

This press release includes forward-looking statements. You can identify these statements by their forward-looking words such as "may," "will," "expect," "anticipate," "believe," "guidance," "estimate," "intend," "predict," and "continue" or similar words or any connection with any discussion of future events or circumstances or of management's current estimates or beliefs. Forward-looking statements are subject to risks and uncertainties, and therefore results may differ materially from those set forth in those statements. More information about the risks and challenges faced by DPAC Technologies Corp. is contained in the Securities and Exchange



Commission filings made by the Company on Form S-4, 10-K, 10-Q or 10-QSB and 8-K. DPAC Technologies Corp. specifically disclaims any obligation to update or revise any forward-looking statements whether as a result of new information, future developments or otherwise.

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- tables to follow -



DPAC TECHNOLOGIES CORP.
Condensed Consolidated Balance Sheet Information

(Unaudited)

(In 000's)

	June 30, 2007	December 31, 2006
CURRENT ASSETS:		
Cash and cash equivalents	\$ 223	\$ 38
Accounts receivable, net	1,478	1,421
Inventories	1,589	1,500
Prepaid expenses and other current assets	81	43
	3,371	3,002
Property, net	379	413
Goodwill and intangible assets	8,261	8,578
Other assets	45	81
TOTAL	\$ 12,056	\$ 12,074
CURRENT LIABILITIES:		
Revolving credit facility and short term notes	\$ 1,820	\$ 1,361
Current portion of long-term debt	2,316	2,097
Accounts payable	2,006	1,488
Accrued restructuring costs - current	365	392
Other accrued liabilities	455	514
	6,962	5,852
Accrued restructuring costs	172	330
Long-term debt, net of current portion	2,680	2,770
Net stockholders' equity	2,242	3,122
TOTAL	\$ 12,056	\$ 12,074



DPAC TECHNOLOGIES CORP.
Condensed Consolidated Statement of Income
(Unaudited)
(in 000's)

	For the quarter ended:		For the six months ended:	
	June 30,		June 30,	
	2007	2006	2007	2006
REVENUE	\$ 2,891	\$ 3,496	\$ 5,735	\$ 6,690
COST OF GOODS SOLD	1,713	1,929	3,369	3,668
GROSS PROFIT	1,178	1,567	2,366	3,022
OPERATING EXPENSES				
Sales and marketing	349	542	772	1,145
Research and development	303	261	611	526
General and administrative	455	544	952	1,064
Amortization of intangible assets	123	123	245	164
Restructuring charges	-	-	-	78
Total operating expenses	1,230	1,470	2,580	2,977
INCOME (LOSS) FROM OPERATIONS	(52)	97	(214)	45
OTHER EXPENSES:				
Interest expense	381	381	757	715
Fair value adjustment of warrant liability	(54)	164	(54)	164
TOTAL OTHER EXPENSES	327	545	703	879
LOSS BEFORE INCOME TAXES	(379)	(448)	(917)	(834)
INCOME TAX (PROVISION) BENEFIT	(3)	152	(4)	291
NET LOSS	\$ (382)	\$ (296)	\$ (921)	\$ (543)
NET LOSS PER SHARE:				
Net Loss - Basic and diluted	\$0.00	\$0.00	(\$0.01)	(\$0.01)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic and diluted	92,844	92,775	92,832	75,885

