

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON DC 20549

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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) July 17, 2006

CONSUMER PORTFOLIO SERVICES, INC.

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(Exact Name of Registrant as Specified in Charter)

CALIFORNIA	001-14116	33-0459135
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

16355 Laguna Canyon Road, Irvine, CA 92618

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(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code (949) 753-6800

Not Applicable

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

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The information in this Item 2.02, and the related Exhibit 99.1, is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

On July 17, 2006, the registrant issued a news release announcing its earnings for the quarter ended June 30, 2006. A copy of the release is attached as Exhibit 99.1.

Exhibit 99.1 to the report may contain a "non-GAAP financial measure" as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended. The possible non-GAAP financial measure is "managed receivables." This possible non-GAAP financial measure is discussed below, including the most directly comparable financial measure calculated and presented in accordance with Generally Accepted Accounting Principles in the United States ("GAAP"), a reconciliation of managed receivables to the most directly comparable GAAP financial measure, and the reasons why the Company believes the presentation of managed receivables provides useful information to management and to investors. Managed receivables should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

On page 1 of the earnings release included as Exhibit 99.1, the Company stated that managed receivables were \$1,375.3 million at June 30, 2006. The most directly comparable financial measure calculated and presented in accordance with GAAP to the managed receivables measure is finance receivables on the consolidated balance sheet. The managed receivables measure also includes (i) the finance receivables held by unconsolidated subsidiaries off balance sheet pursuant to statement on financial accounting standards No. 140, (ii) finance receivables serviced by the Company without any ownership interest, and (iii) repossessed vehicles included in other assets in the Company's balance sheet. In addition, the managed receivables measure includes allowance for credit losses, unearned origination fees, and certain other less significant adjustments.

The following table reconciles the Company's finance receivables, prepared on the basis of GAAP, to managed receivables as of June 30, 2006:

June 30, 2006  
(in millions)

Net finance receivables per balance sheet	\$1,191.7
Allowance for finance receivables credit losses	74.8
Net unearned origination fees	19.3
Finance receivables held by unconsolidated subsidiaries	67.2
Finance receivables serviced without ownership interest	8.7
Adjustment for discount and Rule 78s	1.2
Repossessed vehicles included in other assets on balance sheet	12.4
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	\$1,375.3
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The managed receivables measure is useful to management and investors because it facilitates comparisons between the Company and other finance companies that either do not securitize their receivables or, due to the structure of their securitization transactions, account for the securitizations of their receivables as sales. The managed receivables measure is primarily used by investors and analysts for that purpose.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
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99.1	News Release dated July 17, 2006

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSUMER PORTFOLIO SERVICES, INC.

Dated: July 18, 2006

By: /s/ JEFFREY P. FRITZ

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Jeffrey P. Fritz  
Sr. Vice President and Chief  
Financial Officer

Signing on behalf of the registrant  
and as principal financial officer

EXHIBIT INDEX

EXHIBIT NUMBER

DESCRIPTION

99.1

News Release dated July 17, 2006

## NEWS RELEASE

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CONSUMER PORTFOLIO SERVICES, INC. REPORTS  
2006 SECOND QUARTER EARNINGS

IRVINE, CALIFORNIA, JULY 17, 2006 (BUSINESS WIRE) -- Consumer Portfolio Services, Inc. (Nasdaq: CPSS) today announced earnings for its second quarter ended June 30, 2006.

Net income for the quarter ended June 30, 2006 was \$2.6 million, or \$0.11 per diluted share, compared to net income of \$545,000, or \$0.02 per diluted share, for the quarter ended June 30, 2005. For the three months ended June 30, 2006 total revenues increased approximately \$19.5 million, or 40.7%, to \$67.2 million, compared to \$47.8 million for the three months ended June 30, 2005. Total expenses for the three months ended June 30, 2006 were \$64.6 million, an increase of \$17.4 million, or 36.8%, as compared to \$47.2 million for the three months ended June 30, 2005.

Net income for the six months ended June 30, 2006 was \$4.4 million, or \$0.18 per diluted share, compared to net income of \$306,000, or \$0.01 per diluted share, for the six months ended June 30, 2005. For the six months ended June 30, 2006 total revenues increased approximately \$35.6 million, or 39.8%, to \$125.3 million, compared to \$89.6 million for the six months ended June 30, 2005. Total expenses for the six months ended June 30, 2006 were \$120.8 million, an increase of \$31.5 million, or 35.3%, as compared to \$89.3 million for the six months ended June 30, 2005.

"The financial performance of the Company for the second quarter once again showed improvement year-over-year as well as vs. the previous quarter," said Charles E. Bradley, Jr., President and Chief Executive Officer. "As we have discussed in the past, the operating leverage inherent in our business model is now truly demonstrating itself. With respect to operations, the second quarter was very strong. Purchases of new receivables increased as compared to a robust first quarter and asset performance metrics continue to be outstanding. Delinquencies and net charge-offs were consistent with last year's second quarter levels, which were the best we had seen in almost 10 years. "

During the second quarter of 2006, Consumer Portfolio Services purchased \$268.8 million of contracts from dealers as compared to \$254.5 million during the first quarter of 2006 and \$153.9 million during the second quarter of 2005. As previously reported, the Company continued its regular quarterly securitization program by completing its first transaction with bond insurer, MBIA Insurance Corporation, with the June sale of \$226.6 million of AAA/Aaa rated asset backed notes. As of June 30, 2006, the Company's managed receivables totaled \$1,375.3 million, as follows (\$ in millions):

Owned by Consolidated Subsidiaries*	\$1,299.4
Owned by Non-Consolidated Subsidiaries	67.2
As Third Party Servicer for SeaWest Financial	8.7
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Total	\$1,375.3

\* Before \$107.7 million of allowance for credit losses, deferred acquisition fees and repossessed vehicles.

As previously reported, in order to increase transparency of the Company's financial reports, in the third quarter of 2003 Consumer Portfolio Services began structuring its securitization transactions as secured financings, with receivables and associated debt remaining on the balance sheet, and without recognition of a gain on sale. Accordingly, net earnings are recognized over the life of the receivables as interest income and fee income, less related funding costs and a provision for losses. Such provisions are recorded upon acquisition and during the life of the receivables.

#### CONFERENCE CALL

Consumer Portfolio Services announced that it will hold a conference call tomorrow, July 18, 2006, at 1:30 p.m. EDT to discuss its quarterly earnings. Those wishing to participate by telephone may dial-in at 973-409-9261 approximately 10 minutes prior to the scheduled time.

A replay will be available between July 18, 2006 and July 25, 2006, beginning one hour after conclusion of the call, by dialing 877-519-4471 or 973-341-3080 for international participants, with pin number 7617180. A broadcast of the conference call will also be available live and for 30 days after the call via the Company's web site at [www.consumerportfolio.com](http://www.consumerportfolio.com) and at [www.streetevents.com](http://www.streetevents.com).

#### ABOUT CONSUMER PORTFOLIO SERVICES, INC.

Consumer Portfolio Services, Inc. is a consumer finance company that specializes in purchasing, selling and servicing retail automobile installment sale contracts originated by automobile dealers located throughout the United States. The Company is currently active in 47 states. Through its purchase of contracts, the Company provides indirect financing to car dealer customers with limited credit histories, low incomes or past credit problems.

FORWARD-LOOKING STATEMENTS IN THIS NEWS RELEASE INCLUDE THE COMPANY'S RECORDED REVENUE, EXPENSE, GAIN ON SALE REVENUE AND PROVISION FOR CREDIT LOSSES BECAUSE THESE ITEMS ARE DEPENDENT ON THE COMPANY'S ESTIMATES OF FUTURE LOSSES. THE ACCURACY OF SUCH ESTIMATES MAY BE ADVERSELY AFFECTED BY VARIOUS FACTORS, WHICH INCLUDE (IN ADDITION TO RISKS RELATING TO THE ECONOMY GENERALLY) THE FOLLOWING: POSSIBLE INCREASED DELINQUENCIES; REPOSSESSIONS AND LOSSES ON RETAIL INSTALLMENT CONTRACTS; INCORRECT PREPAYMENT SPEED AND/OR DISCOUNT RATE ASSUMPTIONS; POSSIBLE UNAVAILABILITY OF QUALIFIED PERSONNEL, WHICH COULD ADVERSELY AFFECT THE COMPANY'S ABILITY TO SERVICE ITS PORTFOLIO; POSSIBLE INCREASES IN THE RATE OF CONSUMER BANKRUPTCY FILINGS OR CHANGES IN BANKRUPTCY LAW, WHICH COULD ADVERSELY AFFECT THE COMPANY'S RIGHTS TO COLLECT PAYMENTS FROM ITS PORTFOLIO; OTHER CHANGES IN GOVERNMENT REGULATIONS AFFECTING CONSUMER CREDIT; POSSIBLE DECLINES IN THE MARKET PRICE FOR USED VEHICLES, WHICH COULD ADVERSELY AFFECT THE COMPANY'S REALIZATION UPON REPOSSESSED VEHICLES; AND ECONOMIC CONDITIONS IN GEOGRAPHIC AREAS IN WHICH THE COMPANY'S BUSINESS IS CONCENTRATED. ALL OF SUCH FACTORS ALSO MAY AFFECT THE COMPANY'S FUTURE EARNINGS, AS TO WHICH THERE CAN BE NO ASSURANCE.

ANY IMPLICATION THAT THE RESULTS OF THE MOST RECENTLY COMPLETED QUARTER ARE INDICATIVE OF FUTURE RESULTS IS DISCLAIMED, AND THE READER SHOULD DRAW NO SUCH INFERENCE. FACTORS SUCH AS THOSE IDENTIFIED ABOVE IN RELATION TO GAIN ON SALE AND PROVISION FOR CREDIT LOSSES MAY AFFECT FUTURE PERFORMANCE.

#### INVESTOR RELATIONS CONTACT

Robert E. Riedl  
Consumer Portfolio Services  
949-753-6800

CONSUMER PORTFOLIO SERVICES, INC. AND SUBSIDIARIES  
Condensed Consolidated Statements of Operations  
(In thousands, except per share data)  
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
<b>REVENUES:</b>				
Interest income	\$ 63,039	\$ 40,522	\$ 117,566	\$ 76,694
Servicing fees	799	1,795	1,804	4,060
Other income	3,395	5,459	5,887	8,856
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	67,233	47,776	125,257	89,610
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<b>EXPENSES:</b>				
Employee costs	9,720	9,701	19,077	20,151
General and administrative	5,678	6,627	10,789	11,766
Interest	22,303	11,948	40,338	22,332
Provision for credit losses	22,178	15,224	41,277	27,536
Other expenses	4,727	3,731	9,359	7,519
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	64,606	47,231	120,840	89,304
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Income before income taxes	2,627	545	4,417	306
Income taxes	--	--	--	--
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Net income	\$ 2,627	\$ 545	\$ 4,417	\$ 306
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<b>Earnings per share:</b>				
Basic	\$ 0.12	\$ 0.03	\$ 0.20	\$ 0.01
Diluted	0.11	0.02	0.18	0.01
<b>Number of shares used in computing earnings per share:</b>				
Basic	21,839	21,623	21,786	21,576
Diluted	24,377	23,399	24,283	23,451

CONDENSED CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)  
(UNAUDITED)

	June 30, 2006	December 31, 2005
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Cash and restricted cash	\$ 219,823	\$ 175,451
Finance receivables, net	1,191,733	913,576
Residual interest in securitizations	20,656	25,220
Other assets	53,112	40,897
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	\$ 1,485,324	\$ 1,155,144
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Accounts payable and other liabilities	\$ 20,405	\$ 19,779
Warehouse lines of credit	59,346	35,350
Residual interest financing	30,715	43,745
Securitization trust debt	1,248,332	924,026
Senior secured debt	40,000	40,000
Subordinated debt	8,666	18,655
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	1,407,464	1,081,555
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Shareholders' equity	77,860	73,589
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	\$ 1,485,324	\$ 1,155,144
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