

DGT HOLDINGS CORP.

FORM 10-Q/A (Amended Quarterly Report)

Filed 03/28/00 for the Period Ending 10/30/99

Address	100 PINE AIRE DRIVE BAY SHORE, NY 11706
Telephone	631 231-6400
CIK	0000027748
Symbol	DGTC
SIC Code	3679 - Electronic Components, Not Elsewhere Classified
Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	07/31

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q/A

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended October 30, 1999

Commission File Number 0-3319

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in its charter)

New York ----- (State or other jurisdiction of incorporation or organization)	13-1784308 ----- (I.R.S. Employer Identification No.)
One Commerce Park, Valhalla, NY ----- (Address of principal executive offices)	10595 ----- (Zip Code)

(914) 686-3600

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the business on December 8, 1999.

Common Stock - 7,814,916

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

ASSETS

	October 30, 1999	July 31, 1999
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 626,113	\$ 320,742
Investments available-for-sale	1,139,370	1,292,852
Trade receivables - net	14,912,641	15,624,433
Cost and estimated earnings in excess of billings on uncompleted contracts	7,759,094	6,402,532
Inventory	37,212,350	36,599,587
Prepaid expenses and other current assets	1,576,066	1,216,145
	-----	-----
Total current assets	63,225,634	61,456,291
	-----	-----
FIXED ASSETS - Net		
INTANGIBLES - Net	14,975,212	14,668,060
GOODWILL - Net	834,191	879,898
DEFERRED CHARGES	5,164,082	5,236,965
OTHER ASSETS	231,873	264,464
	1,613,763	1,598,279
	-----	-----
TOTAL	\$86,044,755	\$84,103,957
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Current portion of long-term debt	\$ 784,467	\$ 516,654
Accounts payable - trade	6,255,667	6,295,586
Accrued liabilities	4,556,690	4,468,521
Deferred compensation liability	1,209,321	1,201,065
Income taxes	1,114,894	1,224,451
	-----	-----
Total current liabilities	13,921,039	13,706,277
	-----	-----
LONG-TERM LIABILITIES		
LONG-TERM DEBT (less current portion included above)	2,078,832	1,832,287
OTHER	573,505	594,272
DEFERRED INCOME TAXES	1,778,442	1,620,417
	-----	-----
Total liabilities	18,351,818	17,753,253
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, \$.10 par value;		
Authorized 20,000,000 shares;		
Issued and outstanding 8,354,316 shares at October 30, 1999 and 8,278,646 shares at July 31, 1999	835,433	827,866
Additional paid-in capital	51,058,863	50,798,502
Retained earnings	20,558,485	19,032,506
	-----	-----
	72,452,781	70,658,874
Less common stock in treasury - 546,261 shares at October 30, 1999 and 490,393 shares at July 31, 1999	4,759,844	4,308,170
	-----	-----
Total shareholders' equity	67,692,937	66,350,704
	-----	-----
TOTAL	\$86,044,755	\$84,103,957
	=====	=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended	
	October 30, 1999	October 31, 1998
NET SALES	\$15,712,024	\$14,809,666
COSTS AND EXPENSES:		
Cost of sales	9,310,733	8,679,168
Research and development	1,543,154	1,431,314
Selling, general and administrative	2,603,174	2,621,162
Interest expense - net	62,037	
	-----	-----
	13,519,098	6,881
INCOME BEFORE PROVISION FOR INCOME TAXES	2,192,926	12,738,525
PROVISION FOR INCOME TAXES	666,948	642,054
	-----	-----
NET INCOME	\$ 1,525,978	\$ 1,429,087
	=====	=====
NET INCOME PER COMMON SHARE AND COMMON SHARE EQUIVALENTS:		
BASIC	\$.20	\$.19
	=====	=====
DILUTED	\$.19	\$.18
	=====	=====
Weighted number of common shares outstanding	7,786,004	7,648,413
	=====	=====
Weighted number of common shares and common share equivalents outstanding	8,171,777	8,142,557
	=====	=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended	
	October 30, 1999	October 31, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 1,525,978	\$ 1,429,087
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	555,560	413,419
Amortization	187,462	157,944
Imputed interest	19,706	10,974
Deferred income tax provision	147,495	94,745
Tax benefit from exercise of stock options and warrants	188,849	18,019
Amortization of stock-based compensation	7,833	5,508
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	711,792	(869,725)
Increase in cost and estimated earnings in excess of billings on uncompleted contracts	(1,356,562)	(908,225)
Increase in inventory	(612,763)	(2,072,986)
Increase in prepaid and other current assets	(396,202)	(539,657)
Increase in other assets	(4,954)	(6,776)
(Decrease) increase in accounts payable - trade	(39,919)	1,170,993
Increase in accrued liabilities	85,072	145,842
Increase in deferred compensation liability	8,256	69,902
(Decrease) increase in income taxes payable	(109,557)	378,790
Net cash provided by (used in) operating activities	918,046	(502,146)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for fixed assets	(862,712)	(692,266)
Investment in marketable securities	153,482	(73,026)
Payments to former shareholders of subsidiary acquired	(17,707)	(29,796)
Net cash used in investing activities	(726,937)	(795,088)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from bank borrowing	514,358	498,737
Payment for repurchase of shares	(451,674)	(682,404)
Proceeds from exercise of stock options and warrants	71,247	42,548
Other	(19,669)	(5,784)
Net cash provided by (used in) financing activities	114,262	(146,903)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	305,371	(1,444,137)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	320,742	3,401,697
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 626,113	\$ 1,957,560

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Three Months Ended

October 30, October 31,
1999 1998

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW
INFORMATION:**

Interest paid	\$ 6,359	\$ 33,724
	=====	=====
Income taxes paid	\$ 482,440	\$ 150,500
	=====	=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 In the opinion of the Company's management, the accompanying unaudited

consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the results of the Company's financial position as of October 30, 1999 and the results of its operations and its cash flows for the three months ended October 30, 1999 and October 31, 1998.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements as of July 31, 1999.

The consolidated financial statements should be read in conjunction with the notes to the financial statements as of July 31, 1999.

Certain reclassifications have been made in the prior period's financial statements to correspond to the current period's presentation.

NOTE 2 The results of operations for the three-month period ended October 30,

1999 are not necessarily indicative of the results to be expected for the full year.

NOTE 3 INVESTMENTS

Investments available-for-sale at October 30, 1999 and July 31, 1999 include \$1,209,321 and \$1,201,065, respectively, for the Company's President's deferred compensation and certain key executives. At October 30, 1999 and July 31, 1999, \$118,514 and \$213,411, respectively, were classified as cash and \$1,090,808 and \$987,654, respectively, were recorded as investments. The liabilities of \$1,209,321 and \$1,201,065, respectively, are recorded as deferred compensation liability. Gains and losses on the investments held to fund the deferred compensation, either recognized or unrealized, inure to the benefit or detriment of the President's or key executives' deferred compensation. At October 30, 1999, the balance of investments available-for-sale of \$48,562 are equity securities held by the Company for its own account. Realized and unrealized gains and losses on these securities for the period ended October 30, 1999 were not material and are recorded in the financial statements.

NOTE 4 PERCENTAGE OF COMPLETION ACCOUNTING

	October 30, 1999	July 31, 1999
Costs incurred on uncompleted contracts	\$15,206,728	\$15,012,158
Estimated earnings	9,906,018	9,329,220
	25,112,746	24,341,378
Less billings to date	17,353,652	17,938,846
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 7,759,094	\$ 6,402,532

The backlog of unshipped contracts being accounted for under the percentage of completion method of accounting was approximately \$4.7 million at October 30, 1999.

NOTE 5 INVENTORY

Inventory is stated at the lower of cost (first-in, first-out) or market.

Inventories and their effect on cost of sales are determined by physical count for annual reporting purposes and are estimated by management for interim reporting purposes.

Inventory consists of the following:

	October 30, 1999	July 31, 1999
Finished goods	\$ 7,820,260	\$ 5,414,095
Work-in-process	17,246,575	14,814,766
Raw material and purchased parts	12,145,515	16,370,726
Total	\$37,212,350	\$36,599,587

NOTE 6 FIXED ASSETS

Fixed assets consist of the following:

	October 30, 1999	July 31, 1999
Land	\$ 694,046	\$ 694,046
Building	2,178,025	2,161,025
Machinery and equipment	16,520,067	15,967,619
Furniture and fixtures	2,021,237	1,914,396
Leasehold improvements	2,367,296	2,180,873
Transportation equipment	30,103	30,103
Less accumulated depreciation and amortization	8,835,562	8,280,002
Net fixed assets	\$14,975,212	\$14,668,060

NOTE 7 SEGMENTS

The Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information", during the fourth quarter of the year ended July 31, 1999. SFAS No. 131 establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial statements. It also establishes standards for related disclosures about products and services, major customers and geographic areas. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision making group is comprised of the Chief Executive Officer and the senior executives of the Company's operating segments.

The Company has two reportable segments which are Medical Imaging Systems and Critical Electronic Subsystems. The Medical Imaging Systems Segment designs, manufactures and markets state-of-the-art, cost-effective medical imaging and diagnostic systems consisting of stationary and portable imaging systems, radiographic/fluoroscopic systems, mammography systems and a neo-natal imaging system. The Critical Electronic Subsystems Segment designs, manufactures and markets proprietary precision power conversion and noise suppression subsystems for medical as well as critical industrial applications.

Selected financial data of these segments is as follows:

	Medical Imaging Systems	Critical Electronic Subsystems	Total
	-----	-----	-----
For the Three Months Ended October 30, 1999:			
Net sales to external customers	\$ 7,883,898	\$ 7,828,126	\$15,712,024
	=====	=====	=====
Income before provision for income taxes	\$ 614,991	\$ 1,577,935	\$ 2,192,926
	=====	=====	=====
Segment assets	\$ 38,919,996	\$47,124,759	\$86,044,755
	=====	=====	=====

	Medical Imaging Systems	Critical Electronic Subsystems	Total
	-----	-----	-----
For the Three Months Ended October 31, 1998:			
Net sales to external customers	\$ 7,345,710	\$ 7,463,956	\$14,809,666
	=====	=====	=====
Income before provision for income taxes	\$ 611,836	\$ 1,459,305	\$ 2,071,141
	=====	=====	=====
Segment assets	\$ 31,156,009	\$44,347,779	\$75,503,788
	=====	=====	=====

SIGNATURES

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

DEL GLOBAL TECHNOLOGIES CORP.

/S/LEONARD A. TRUGMAN

Leonard A. Trugman
Chairman of the Board,
Chief Executive Officer
and President

/S/MICHAEL H. TABER

Michael H. Taber
Chief Financial Officer,
Vice President of Finance
and Secretary

Dated: March 28, 2000

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