

DGT HOLDINGS CORP.

FORM 10-Q/A (Amended Quarterly Report)

Filed 03/28/00 for the Period Ending 01/29/00

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 January 29, 2000

Commission File Number 0-3319

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in its charter)

New York	13-1784308
-----	-----
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Commerce Park, Valhalla, NY	10595
-----	-----
(Address of principal executive offices)	(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 March 10, 2000.

Common Stock - 7,814,494

**DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS**

(Unaudited)

ASSETS

	January 29, 2000	July 31, 1999
	-----	-----
CURRENT ASSETS		
Cash and cash equivalents	\$ 244,762	\$ 320,742
Investments available-for-sale	1,290,418	1,292,852
Trade receivables - net	15,906,168	15,624,433
Cost and estimated earnings in excess of billings on uncompleted contracts	8,788,171	6,402,532
Inventory	37,693,356	36,599,587
Prepaid expenses and other current assets	1,878,514	1,216,145
	-----	-----
Total current assets	65,801,389	61,456,291
	-----	-----
FIXED ASSETS - Net	15,137,511	14,668,060
INVESTMENT IN AFFILIATE	1,451,348	--
INTANGIBLES - Net	788,483	879,898
GOODWILL - Net	5,091,200	5,236,965
DEFERRED CHARGES	199,281	264,464
OTHER ASSETS	1,625,251	1,598,279
	-----	-----
TOTAL	\$90,094,463	\$84,103,957
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Current portion of long-term debt	\$ 594,740	\$ 516,654
Accounts payable - trade	5,709,684	6,295,586
Accrued liabilities	4,269,911	4,468,521
Deferred compensation liability	1,301,296	1,201,065
Income taxes	1,339,958	1,224,451
	-----	-----
Total current liabilities	13,215,589	13,706,277
	-----	-----

LONG-TERM LIABILITIES

Long-term debt (less current portion)	4,729,976	1,832,287
Other	532,771	594,272
Deferred income taxes	1,936,467	1,620,417
	-----	-----
Total liabilities	20,414,803	17,753,253
	-----	-----

SHAREHOLDERS' EQUITY

Common stock, \$.10 par value; Authorized 20,000,000 shares; Issued and outstanding - 8,383,840 shares at January 29, 2000 and 8,278,646 shares at July 31, 1999	838,385	827,866
Additional paid-in capital	51,446,645	50,798,502
Retained earnings	22,326,647	19,032,506
	-----	-----
Total shareholders' equity	74,611,677	70,658,874
	-----	-----
Less common stock in treasury - 567,846 shares at January 29, 2000 and 490,393 shares at July 31, 1999	4,932,017	4,308,170
	-----	-----
TOTAL	\$90,094,463	\$84,103,957
	=====	=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended		Six Months Ended	
	January 29, 2000	January 30, 1999	January 29, 2000	January 30, 1999
NET SALES	\$17,450,349	\$15,921,952	\$33,162,373	\$30,731,618
COSTS AND EXPENSES:				
Cost of sales	10,419,466	9,308,253	19,730,199	17,987,421
Research and development	1,706,689	1,522,929	3,249,843	2,954,243
Selling, general and administrative	2,700,789	2,749,659	5,303,963	5,370,821
Interest expense - net	83,095	15,831	145,132	22,712
	14,910,039	13,596,672	28,429,137	26,335,197
INCOME BEFORE PROVISION FOR INCOME TAXES	2,540,310	2,325,280	4,733,236	4,396,421
PROVISION FOR INCOME TAXES	772,147	720,836	1,439,095	1,362,890
NET INCOME	\$ 1,768,163	\$ 1,604,444	\$ 3,294,141	\$ 3,033,531
NET INCOME PER COMMON SHARE AND COMMON SHARE EQUIVALENTS:				
BASIC	\$.23	\$.21	\$.42	\$.40
DILUTED	\$.22	\$.20	\$.40	\$.37
Weighted average number of common shares outstanding	7,813,017	7,648,308	7,799,511	7,648,361
Weighted average number of common shares outstanding and common share equivalents	8,163,980	8,205,600	8,167,878	8,174,078

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended	
	January 29, 2000	January 30, 1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 3,294,141	\$ 3,033,531
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,146,461	843,725
Amortization	368,873	322,676
Imputed interest	22,541	10,973
Deferred income tax provision	294,990	184,374
Tax benefit from exercise of stock options and warrants	238,518	131,391
Amortization of stock-based compensation	17,518	11,215
Changes in assets and liabilities:		
Increase in trade receivables	(281,735)	(1,011,876)
Increase in cost and estimated earnings in excess of billings on uncompleted contracts	(2,385,639)	(1,454,565)
Increase in inventory	(1,093,769)	(4,013,448)
Increase in prepaid and other current assets	(728,879)	(869,686)
Increase in other assets	(5,912)	(9,983)
(Decrease) increase in accounts payable - trade	(585,902)	1,262,347
(Decrease) increase in accrued liabilities	(360,308)	170,749
Increase in deferred compensation liability	100,231	212,006
Increase in income taxes payable	115,507	627,041
	156,636	(549,530)
Net cash provided by (used in) operating activities	156,636	(549,530)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash invested in affiliate	(1,080,040)	--
Net cash paid to acquire selected assets	--	(509,219)
Expenditures for fixed assets	(1,615,912)	(1,502,770)
Investment in marketable securities	2,434	(170,963)
Payments to former shareholders of subsidiary acquired	(35,770)	(60,186)
	(2,729,288)	(2,243,138)
Net cash used in investing activities	(2,729,288)	(2,243,138)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from bank borrowing	2,975,775	583,701
Payment for repurchase of shares	(623,847)	(692,474)
Proceeds from exercise of stock options and warrants	133,924	328,500
Other	10,820	54,543
	2,496,672	274,270
Net cash provided by financing activities	2,496,672	274,270
NET DECREASE IN CASH AND CASH EQUIVALENTS	(75,980)	(2,518,398)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	320,742	3,401,697
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 244,762	\$ 883,299
	=====	=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended	
	January 29, 2000	January 30, 1999
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	\$ 109,321	\$ 75,698
	=====	=====
Income taxes paid	\$ 832,360	\$ 419,469
	=====	=====

**SUPPLEMENTAL SCHEDULE OF INVESTING AND
FINANCING ACTIVITIES:**

Investment in affiliate	\$ 1,451,348	
Compensation cost of warrant issued	(218,702)	
Investment costs in accrued expense	(152,606)	

Net cash invested in affiliate	\$ 1,080,040	
	=====	
Acquisition of selected assets		\$ 1,309,219
Payment due under acquisition term note		(800,000)

Net cash paid to acquire selected assets		\$ 509,219
		=====

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 In the opinion of 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 January 29, 2000 and the results of its operations and its cash flows for the six months ended January 29, 2000 and January 30, 1999.

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 and six-month periods

ended January 29, 2000 are not necessarily indicative of the results to be expected for the full year.

NOTE 3 INVESTMENTS

Investments available-for-sale at January 29, 2000 and July 31, 1999 include \$1,301,296 and \$1,201,065, respectively, for the Company's President's deferred compensation and certain key executives. At January 29, 2000 and July 31, 1999, \$45,085 and \$213,411, respectively, were classified as cash and \$1,256,211 and \$1,146,009, respectively, were recorded as investments. The liabilities of \$1,301,296 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 January 29, 2000 and July 31, 1999, the balance of investments available-for-sale of \$34,207 and \$146,843, respectively, are equity securities held by the Company for its own account. Realized and unrealized gains and losses on these securities for the periods ended January 29, 2000 and January 30, 1999 were not material and are recorded in the financial statements.

NOTE 4 PERCENTAGE OF COMPLETION ACCOUNTING

	January 29, 2000	July 31, 1999
Costs incurred on uncompleted contracts	\$17,331,810	\$15,012,158
Estimated earnings	10,939,263	9,329,220
	28,271,073	24,341,378
Less billings to date	19,482,902	17,938,846
Costs and estimated earnings in excess of billings on uncompleted contracts	\$ 8,788,171	\$ 6,402,532
	=====	=====

The backlog of unshipped contracts being accounted for under the percentage of completion method of accounting was approximately \$3.6 million at January 29, 2000.

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:

	January 29, 2000	July 31, 1999
Finished goods	\$ 7,921,344	\$ 5,414,095
Work-in-process	17,245,195	14,814,766
Raw material and purchased parts	12,526,817	16,370,726
Total	\$37,693,356	\$36,599,587

NOTE 6 FIXED ASSETS

Fixed assets consist of the following:

	January 29, 2000	July 31, 1999
Land	\$ 694,046	\$ 694,046
Building	2,200,742	2,161,025
Machinery and equipment	17,696,398	16,446,086
Furniture and fixtures	1,569,579	1,435,929
Leasehold improvements	2,373,106	2,180,873
Transportation equipment	30,103	30,103
Less accumulated depreciation and amortization	24,563,974	22,948,062
Net fixed assets	\$15,137,511	\$14,668,060

NOTE 7 INVESTMENT IN AFFILIATE

On December 28, 1999, the Company obtained a 19% interest in Villa Sistemi Medicali S.p.A. ("Villa") located in Milan, Italy, for a six-year warrant to purchase 50,000 shares of Del Global Technologies Corp. common stock at the fair market price on the date of issuance. This warrant is valued at approximately \$219,000 using the Black-Scholes method as prescribed by SFAS No. 123, "Accounting for Stock-Based Compensation." In addition, the associated transaction costs of this investment are approximately \$340,000. The investment is accounted for at cost. Further, Villa management has granted to the Company an exclusive irrevocable option to purchase an additional 61% of the shares of Villa within 60 days after the Company receives certified financial statements of Villa for the year ended December 31, 1999.

On January 3, 2000, the Company contributed \$892,000 to the charter capital of Villa in consideration for a pledge by the Villa management of their majority ownership of the outstanding shares of Villa. On the same date, Villa management collectively contributed \$108,000 to the charter capital of Villa.

NOTE 8 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 a neo- natal imaging system and dental imaging systems. The Critical Electronic Subsystems Segment designs, manufactures and markets proprietary precision power conversion and electronic 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 Six Months Ended January 29, 2000:			
Net sales to external customers	\$17,532,787	\$15,629,586	\$33,162,373
	=====	=====	=====
Income before provision for income taxes	\$ 1,597,431	\$ 3,135,805	\$ 4,733,236
	=====	=====	=====
Segment assets	\$40,203,173	\$49,891,290	\$90,094,463
	=====	=====	=====
	Medical Imaging Systems	Critical Electronic Subsystems	Total
	-----	-----	-----
For the Six Months Ended January 30, 1999:			
Net sales to external customers	\$16,179,691	\$14,551,927	\$30,731,618
	=====	=====	=====
Income before provision for income taxes	\$ 1,684,027	\$ 2,712,394	\$ 4,396,421
	=====	=====	=====
Segment assets	\$35,052,650	\$43,962,300	\$79,014,950
	=====	=====	=====

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

-13-

End of Filing

Powered By  EDGAR
Online

© 2005 | EDGAR Online, Inc.