DGT HOLDINGS CORP.

FORM 10-Q
(Quarterly Report)

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Fiscal Year	07/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549
FORM 10-Q

[x] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For quarterly period ended February 1, 2003
or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to____________

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)

None
(Former name, former address and former fiscal year, if changed since last report)

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 X

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)

Yes No X

The number of shares of Registrant's common stock outstanding as of March 17, 2003 was 10,347,515.

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

ASSETS

	February 1, 2003	August 3, 2002 (1)
	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	$ 2,181	$ 895
Marketable securities	42	45
Trade receivables (net of allowance for doubtful accounts of $1,062 and $1,127 at February 1, 2003 and August 3, 2002, respectively)	18,758	19,252
Inventory - Net	19,806	20,956
Income tax receivable	-	3,992
Deferred income tax asset	2,590	2,590
Prepaid expenses and other current assets	729	1,644
Total current assets	44,106	49,374
REFUNDABLE INCOME TAXES	148	148
FIXED ASSETS - Net	9,453	9,152
DEFERRED INCOME TAX ASSET	9,252	13,982
GOODWILL	3,239	3,239
OTHER INTANGIBLES-Net	405	477
OTHER ASSETS	1,289	1,325
TOTAL ASSETS	$67,892	$77,697

See notes to condensed consolidated financial statements

(1) August 3, 2002 balances were obtained from audited financial statements.

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

	February 1, 2003 (Unaudited)	August 3, 2002 (1)
CURRENT LIABILITIES		
Short-term credit facilities	$ 5,263	$ 7,992
Current portion of long-term debt	584	792
Accounts payable - trade	11,542	10,127
Accrued liabilities	9,188	11,252
Deferred compensation liability	205	207
Income taxes payable	176	356
Total current liabilities	26,958	30,726
NON-CURRENT LIABILITIES		
Long-term debt	5,158	5,114
Subordinated note	1,706	1,610
Other long-term liabilities	2,257	2,158
Total liabilities	36,079	39,608
MINORITY INTEREST IN SUBSIDIARY	1,136	948
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Common stock, $.10 par value; Authorized 20,000,000 shares; Issued and outstanding - 10,976,081 at February 1, 2003 and August 3, 2002	1,097	1,097
Additional paid-in capital	63,653	63,547
Accumulated other comprehensive gain (loss)	62	(229)
Accumulated deficit	(28,633)	(21,772)
Less common stock in treasury - 628,566 shares at February 1, 2003 and August 3, 2002	(5,502)	(5,502)
Total shareholders' equity	30,677	37,141
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 67,892	$ 77,697

See notes to condensed consolidated financial statements

(1) August 3, 2002 balances were obtained from audited financial statements.

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in Thousands except share data)

(Unaudited)

	Three Months Ended February 1, 2003	Three Months Ended January 26, 2002	Six Months Ended February 1, 2003	Six Months Ended January 26, 2002
NET SALES	$ 26,035	$ 24,401	$ 51,590	$ 43,882
COST OF SALES	20,487	18,057	40,614	33,795
GROSS MARGIN	5,548	6,344	10,976	10,087
Selling, general and administrative	5,571	5,416	11,192	10,667
Research and development	734	625	1,046	1,206
Litigation settlement recovery	-	-	-	(258)
Facilities reorganization costs	219	35	453	77
Total operating expenses	6,524	6,076	12,691	11,692
OPERATING (LOSS) INCOME	(976)	268	(1,715)	(1,605)
Interest expense	357	325	713	787
Other income (expense)	(31)	48	472	31
LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(1,364)	(9)	(1,956)	(2,361)
INCOME TAX PROVISION (BENEFIT)	4,761	(3)	4,788	(832)
LOSS BEFORE MINORITY INTEREST	(6,125)	(6)	(6,744)	(1,529)
MINORITY INTEREST	130	165	117	177
NET LOSS	$(6,255)	$ (171)	$(6,861)	$ (1,706)
LOSS PER COMMON SHARE:				
BASIC AND DILUTED	$(.60)	$(.02)	$(.66)	$(.22)
Weighted average number of common shares outstanding, basic and diluted	10,347,515	7,847,515	10,347,515	7,847,515

See notes to condensed consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in Thousands)

(Unaudited)

	Six Months Ended Feb. 1, 2003	Six Months Ended Jan. 26, 2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,861)	$(1,706)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,243	1,319
Deferred income provision (benefit)	4,730	(787)
Loss on sale of fixed assets	16	33
Unrealized loss on marketable securities	3	21
Minority interest	117	177
Imputed interest - Subordinated note	96	-
Stock based compensation expense	104	74
Changes in operating assets and liabilities:		
Decrease in trade receivables	1,076	1,953
Decrease in inventory	1,578	3,576
Decrease in income taxes receivable	3,992	-
Decrease (Increase) in prepaid expenses and other current assets	947	(307)
Decrease in other assets	118	242
Increase in accounts payable-trade	1,016	1,516
Decrease in accrued liabilities	(2,228)	(1,597)
Decrease in income taxes payable	(182)	(192)
Other	(18)	26
Net cash provided by operating activities	5,747	4,348
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed asset purchases	(1,227)	(710)
Net cash used in investing activities	(1,227)	(710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	(3,293)	(3,126)
Net cash used in financing activities	(3,293)	(3,126)
EFFECT OF EXCHANGE RATE CHANGES	59	(5)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,286	507
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	895	1,402
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$2,181	$ 1,909

See notes to condensed consolidated financial statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands, except share data)

(Unaudited)

BASIS OF PRESENTATION
The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation of the results for the interim period have been included. Results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's annual report on Form 10-K filed with the Securities and Exchange Commission for the year ended August 3, 2002.

The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements for the fiscal year ended August 3, 2002.

The Company recognizes product revenue upon shipment, provided there is persuasive evidence of an arrangement, there are no uncertainties concerning acceptance, the sales price is fixed, collection of the receiveble is probable and only perfunctory obligations related to the arrangement need to be completed. The Company's products are covered primarily by one year warranty plans and in some cases optional extended warranties for up to five years are offered. The Company establishes allowances for warranties as more fully described in the Product Warranty footnote herein. The Company recognizes service revenue when repairs or out of warranty repairs are completed. As described in the Description of the Business section of our Form 10-K dated August 3, 2002, the Company has an FDA obligation to continue to provide repair service for certain medical systems for up to seven years past the warranty period. Said repairs are billed to the customers at market rates.

The financial statements of the Company's consolidated subsidiary Villa are denominated in Euros and are translated into U.S. dollars for reporting purposes. As a result, they are therefore subject to the effects of currency fluctuations which may affect reported earnings and future cash flows. These foreign currency translations are made in accordance with Statement of Financial Accounting Standard ("SFAS") No. 52, "Foreign Currency Translation".

NEW ACCOUNTING PRONOUNCEMENTS
In June 2001, the Financial Accounting Standards Board issued SFAS No. 143, Accounting for Asset Retirement Obligations. This statement addresses financial accounting and reporting for the obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The adoption of this statement did not have a significant impact on the Company's consolidated financial statements.

SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, was issued in October 2001. SFAS No. 144 replaces SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of. SFAS No. 144 requires that long-lived assets whose carrying amount is not recoverable from its undiscounted cash flows be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Therefore, discontinued operations will no longer be measured at net realizable value or include amounts for operating losses that have not yet occurred. SFAS No. 144 also broadens the reporting of discontinued operations to include all components of an entity with operations that can be distinguished from the rest of the entity and that will be eliminated from the ongoing operations of the entity in a disposal transaction. The provisions of SFAS No. 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001 and are to be applied prospectively. The adoption of this statement did not have a significant impact on the Company's consolidated financial statements.

SFAS No. 145, Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections was issued in April 2002. This pronouncement rescinded SFAS No. 4, Reporting Gains and Losses from Extinguishment of Debt, SFAS No. 64, Extinguishments of Debt to Satisfy Sinking-Fund Requirements, and SFAS No. 44, Accounting for Intangible Assets of Motor Carriers, and changed the accounting treatment for capital lease modifications by amending SFAS No. 13, Accounting for Leases. This pronouncement also amends the existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. There will be no significant impact on the consolidated financial statements upon the adoption of this statement.

SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, was issued in June 2002. SFAS No. 146 revises the accounting and reporting for costs associated with exit or disposal activities to be recognized when a liability for such cost is incurred rather than when an entity commits to an exit plan. SFAS No. 146 is effective for exit or disposal activities initiated after December 31, 2002. SFAS No. 146 does not impact previously recorded liabilities and, therefore, the initial adoption of this standard did not have a significant impact on the Company's consolidated financial statements.

SFAS No. 148, Accounting for Stock-based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123, amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS No. 123 to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The provisions of SFAS 148 are effective for annual financial statements for fiscal years ending after December 15, 2002, and for financial reports containing condensed financial statements for interim periods beginning after December 15, 2002. The Company has not determined whether it will adopt the fair value based method of accounting for stock-based employee compensation.

In November 2002, the FASB issued Interpretation ("FIN") No. 45,Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." FIN 45 requires certain guarantees to be recorded at fair value regardless of the probability of the loss. The adoption did not have a material impact on the Company's consolidated financial statements.

In January 2003, the FASB issued FASB Interpretation No. 46 ("FIN 46"), "Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51." FIN 46 requires certain variable interest entities to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The Company anticipates that there will be no significant impact on the consolidated financial statements upon the adoption of this statement.

GOODWILL AND OTHER INTANGIBLE ASSETS

Effective August 4, 2002, the Company adopted SFAS 142, Goodwill and Other Intangible Assets, which establishes new accounting and reporting requirements for goodwill and other intangible assets. Under SFAS 142, all goodwill amortization ceased effective August 4, 2002.

Recorded goodwill was tested for impairment by comparing the fair value to the carrying value for reporting units within the Power Conversion Group and for the Medical Systems Group. Fair value was determined using a discounted cash flow method as well as a review of valuation parameters for comparable publicly traded companies. This impairment test is required to be performed at adoption of SFAS 142 and at least annually thereafter. On an ongoing basis, (absent any impairment indicators), the Company expects to perform this impairment test during the fourth quarter. Based on the initial impairment test, it was determined that none of the goodwill recorded was impaired. Impairment adjustments recognized after adoption, if any, generally are required to be recognized as operating expenses.

In connection with the adoption of SFAS 142, the useful lives and the classification of our identifiable intangible assets were reviewed and it was determined that they continue to be appropriate. These identifiable assets were acquired in connection with business combinations prior to July 1, 2001. The components of our amortizable intangible assets are as follows:

	February 1, 2003		August 3, 2002	
	Gross Carrying Amounts	Accumulated Amortization	Gross Carrying Amounts	Accumulated Amortization
Non-Compete Agreements	$ 902	$ 698	$ 902	$ 659
Distribution Network	653	452	653	419
Total	$ 1,555	$ 1,150	$ 1,555	$ 1,078

Amortization expense for intangible assets during the three and six months of fiscal year 2003 was $36 and $72 respectively. Estimated amortization expense for the remainder of 2003 and the five succeeding fiscal years is as follows:

2003 (remainder)	$ 72
2004	144
2005	144
2006	45
2007	-
2008	-

There are no components of intangible assets that have an indefinite life.

The following table shows the Company's fiscal three and six months 2003 and 2002 results, adjusted to exclude amortization related to goodwill:

	Three Months		Six Months	
	February 1, 2003	January 26, 2002	February 1, 2003	January 26, 2002
Net loss - as reported	$(6,255)	$(171)	$ (6,861)	$(1,706)
Add back: goodwill amortization, net of taxes	-	33	-	66
Net loss - as adjusted	$(6,255)	$(138)	$ (6,861)	$(1,640)
Loss per share - basic and diluted				
As reported	$ (.60)	$(.02)	$ (.66)	$ (.22)
Add back: goodwill amortization	-	-	-	.01
As adjusted	$ (.60)	$(.02)	$ (.66)	$ (.21)

There were no changes in goodwill balances during the first half of fiscal year 2003.

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. The estimation methodologies used for interim reporting purposes are described in Managements Discussion and Analysis under the subtitle Critical Accounting Policies.

	February 1, 2003	August 3, 2002
Raw materials and purchased parts	$ 10,824	$ 12,980
Work-in-process	7,108	7,084
Finished goods	4,150	4,322
	22,082	24,386
Less allowance for obsolete and excess inventory	(2,276)	(3,430)
Total inventory, net	$ 19,806	$ 20,956

PRODUCT WARRANTIES

In November 2002, the FASB issued FASB Interpretation No. 45, which, among other things, requires additional disclosure related to a company's product warranties. The Company's products are covered primarily by one year warranty plans and in some cases optional extended contracts may be offered covering products for periods up to 5 years, depending upon the product and contractual terms of sale. The Company establishes allowances for warranties on an aggregate basis for specifically identified, as well as anticipated, warranty claims based on contractual terms, product conditions and actual warranty experience by product line. A reconciliation of the charges in the Company's product warranty liability for the six months ended February 1, 2003 is as follows:

	Accrued Warranty
Beginning balance, August 4, 2002	$ 626
Warranty costs incurred	(498)
Warranty expense accrued	506
Ending balance, February 1, 2003	$ 634

DEFERRED INCOME TAX ASSET

Deferred income tax assets and liabilities represent the effects of the differences between the income tax basis and financial reporting basis of the assets and liabilities at the tax rates expected at the time the deferred tax liability or asset is expected to be settled or realized. Based on information and forecasts available as of August 2002, the Company recorded a net deferred income tax asset of $16,572, with $2,590 classified as a current asset and the balance of $13,982 as a long term asset.

Based on an evaluation conducted in March 2003, management concluded that due to current results being lower than originally anticipated, it was prudent to establish a valuation allowance of $4,730 against long term deferred tax assets. The valuation allowance was computed by estimating the amount of future taxable income expected over the net operating loss carryforward period, considering recent performance and other actions the Company has taken to improve profitability. The valuation allowance recorded is the estimate of the amount of deferred tax assets that may not be realized.

A corresponding amount of $4.7 million was recorded as an income tax provision for the three and six month periods ended February 1, 2003. The Company anticipates that it is more likely than not the remaining deferred asset will be utilized against future operating profits; however, no assurances can be given that results of operations will generate profits in the future.

COMPREHENSIVE LOSS
Comprehensive loss for the Company includes foreign currency translation adjustments and net loss reported in the Company's Consolidated Statements of Operations.

Comprehensive loss for 2003 and 2002 was as follows:

	Three Months Ended		Six Months Ended	
	February 1, 2003	January 26, 2002	February 1, 2003	January 26, 2002
Net Loss	$ (6,255)	$ (171)	$ (6,861)	$ (1,706)
Foreign currency translation adjustment	285	(56)	291	143
Comprehensive loss	$ (5,970)	$(227)	$ (6,570)	$ (1,563)

LOSS PER SHARE

	Three Months Ended		Six Months Ended	
	February 1, 2003	January 26, 2002	February 1, 2003	January 26, 2002
Numerator:				
Net Loss	$ (6,255)	$ (171)	$ (6,861)	$(1,706)
Denominator:				
Denominator for basic Loss per share- Weighted average shares outstanding	10,347,515	7,847,515	10,347,515	7,847,515
Effect of dilutive Securities	-	-	-	-
Denominator for diluted loss per share	10,347,515	7,847,515	10,347,515	7,847,515
Loss per basic and diluted common share	$ (.60)	$ (.02)	$ (.66)	$ (.22)

Common shares outstanding for the current period and prior period ended were reduced by 628,566 shares of treasury stock. Common shares outstanding for the three and six month period ended February 1, 2003 reflect the issuance of 2,500,000 shares in conjunction with the shareholder settlement approved on January 29, 2002.

The computation of diluted shares outstanding, does not include 671,050 and 480,475 employee stock options and 266,168 and 0 warrants to purchase Company common stock as of February 1, 2003 and January 26, 2002, respectively, since the effect of their assumed conversion would be anti-dilutive.

SEGMENT INFORMATION

The Company has three reportable segments: Medical Systems Group, Power Conversion Group and Other. The fiscal 2003 "Other" segment includes unallocated corporate costs which were previously reported in the Power Conversion Group in the prior period. Had the prior year's methodology been used, operating expenses of the Power Conversion Group would have been approximately $3,300, and $6,500 resulting in an operating loss of approximately $1,800 and $2,300 for the three and six months ended February 1, 2003, respectively.

Interim segment information is as follows:

For three months ended February 1, 2003	Medical Systems Group	Power Conversion Group	Other	Total
Net Sales to Unaffiliated Customers	$15,248	$10,787	-	$26,035
Cost of sales	11,502	8,985	-	20,487
Gross margin	3,746	1,802	-	5,548
Operating expenses	3,017	2,247	$1,041	6,305
Facilities reorganization costs	-	285	(66)	219
Total operating expenses	3,017	2,532	975	6,524
Operating income / (loss)	$ 729	$(730)	$(975)	(976)
Interest expense				(357)
Other income (expense)				(31)
Loss before income taxes and minority interest				$(1,364)

For three months ended January 26, 2002	Medical Systems Group	Power Conversion Group	Other	Total
Net Sales to Unaffiliated Customers	$14,321	$ 10,080	-	$ 24,401
Cost of sales	10,483	7,574	-	18,057
Gross margin	3,838	2,506	-	6,344
Operating expenses	2,561	3,480		6,041
Facilities reorganization costs	-	35	-	35
Total operating expenses	2,561	3,515		6,076
Operating income / (loss)	$1,277	$(1,009)	-	268
Interest expense				(325)
Other income (expense)				48
Loss before income taxes and minority interest				$ (9)

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

For six months ended February 1, 2003	Medical Systems Group	Power Conversion Group	Other	Total
Net Sales to Unaffiliated Customers	$27,248	$24,342	-	$51,590
Cost of sales	20,939	19,675	-	40,614
Gross margin	6,309	4,667	-	10,976
Operating expenses	5,701	4,402	$2,135	12,238
Facilities reorganization costs	-	389	64	453
Total operating expenses	5,701	4,791	2,199	12,691
Operating income / (loss)	$ 608	$(124)	$(2,199)	(1,715)
Interest expense				(713)
Other income (expense)				472
Loss before income taxes and minority interest				$(1,956)

For six months ended January 26, 2002				
Net Sales to Unaffiliated Customers	$23,961	$ 19,921	-	$ 43,882
Cost of sales	17,939	15,856	-	33,795
Gross margin	6,022	4,065	-	10,087
Operating expenses	4,371	7,502	-	11,873
Litigation settlement recovery	-	-	$(258)	(258)
Facilities reorganization costs	-	77	-	77
Total operating expenses	4,371	7,579	258	11,692
Operating income / (loss)	$1,651	$(3,514)	$ 258	(1,605)
Interest expense				(787)
Other income (expense)				31
Loss before income taxes and minority interest				$(2,361)

CONTINGENCIES

Securities and Exchange Commission ("SEC") Investigation - On December 11, 2000, the Division of Enforcement of the SEC issued a formal Order Directing Private Investigation, designating SEC officers to take testimony and requiring the production of certain documents, in connection with matters giving rise to the need to restate the Company's previously issued financial statements. The Company has provided numerous documents to and continues to cooperate fully with the SEC staff.

The Company has reached an agreement in principle with the Staff of the SEC to settle the SEC's claims against the Company for a settlement that will include a penalty of up to $400 and an injunction against future violations of the antifraud, periodic reporting, books and records and internal accounting control provisions of the federal securities law. The proposed settlement may be subject to, amongst other things, a future restatement of historical financial statements for the Company, or other material adjustments. However, management is not aware of any restatements or adjustments required with respect to financial statements filed with the SEC since April 2002. In addition, the proposed settlement will require approval by the Commission and by the Court. We can give no assurance that this settlement will be approved by either the Commission or the Court.

Although the Company has not reached a binding agreement with the SEC on this settlement proposal, management believes that this agreement in principle is a reasonable basis on which it can now estimate the financial impact of this SEC investigation. As a result, the Company recorded a charge of $685 in the fourth quarter of fiscal year 2002 related to this agreement in principle with the SEC Staff, which includes associated legal costs.

Department of Defense Investigation - On March 8, 2002, RFI Corporation, a subsidiary of the Company and part of the Power Conversion Group segment, was served with a subpoena by the US Attorney Eastern District of New York in connection with an investigation by the US Department of Defense ("DOD"). RFI supplies noise suppression filters for communications and defense applications. Management has retained special counsel to represent the Company on this matter. The Company is fully cooperating with this investigation, including voluntarily providing employees to be interviewed by the Defense Criminal Investigative Services division of the DOD. Management of the Company cannot predict the duration of such investigation or its potential outcome.

ERISA Matters - During the year ended July 28, 2001, management of the Company concluded that violations of the Employee Retirement Income Security Act, ("ERISA") existed relating to a defined benefit Plan for which accrual of benefits had been frozen as of February 1, 1986. The violations related to excess concentrations of the Common Stock of the Company in the Plan assets. In July 2001, management of the Company decided to terminate this Plan, subject to having available funds to finance the plan in accordance with rules and regulations relating to terminating pension plans. This plan has not been terminated yet, but the Company expects to start the process of terminating this plan in fiscal 2003.

Employment Matters - The Company had an employment agreement with the former Chief Executive Officer ("CEO") through July 2005. The agreement provided a minimum base salary, deferred compensation and bonuses, as defined. The Company accrued deferred compensation at a rate of 5% of pretax income with a minimum of $100 and a maximum of $125. In the third quarter of fiscal 2001, the employment of the former CEO was terminated. In February 2002, the Company filed a lawsuit against the former CEO alleging fraudulent and other wrongful acts, including securities law violations, fraudulent accounting practices, breaches of fiduciary duties, insider trading violations and corporate mismanagement. The complaint sought damages in excess of $15 million. The former CEO answered the Company's complaint, and counterclaimed for damages based on the termination of his employment by the Company.

In March of 2003, the Company and the former CEO reached a settlement of these lawsuits. Under the terms of the settlement and mutual release, the Company's former CEO paid the Company $400 in cash and transferred to the Company 14,967 shares of Company common stock, valued at approximately $45 as of March 7, 2003. The Company expects to recognize the effect of this settlement in the third quarter of Fiscal 2003, offset by any associated legal cost.

Indemnification Legal Expenses - In connection with the Company's previously reported accounting irregularities and the related shareholder litigation and governmental enforcement actions, during fiscal year 2002, the Company spent approximately $209 in the advancement of legal expenses for those directors, officers and employees that are indemnified by the Company. During the first half of fiscal 2003, the Company has incurred additional expenses of this nature of approximately $230. Management is unable to estimate at this time the amount of legal fees that the Company may have to pay in the future related to these matters. Further, there can be no assurance that those to whom we have been advancing expenses will have the financial means to repay the Company pursuant to undertaking agreements that they executed, if it is later determined that such individuals were not entitled to be indemnified.

Other Legal Matters - The Company is a defendant in several other legal actions arising from normal course of business. Management believes the Company has meritorious defenses to such actions and that the outcomes will not be material to the Company's consolidated financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Dollars in Thousands except share data)

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. Such statements involve various risks that may cause actual results to differ materially. These risks include, but are not limited to, the ability of the Company to grow internally or by acquisition and to integrate acquired businesses, changing industry or competitive conditions and other risks referred to in the Company's registration statements and periodic reports filed with the Securities and Exchange Commission, including the Company's Form 10-K for the year ended August 3, 2002.

OVERVIEW

Del Global Technologies Corp. is a leader in developing, manufacturing and marketing medical imaging equipment and power conversion subsystems and components worldwide. Our products include stationary and portable medical diagnostic imaging equipment, high voltage power systems and electronic systems and components such as electronic filter, transformers and capacitors. Operating businesses that we report as segments include our Medical Systems Group and our Power Conversion Group. In addition, we have a third reporting segment, Other, comprised of certain corporate expenses.

The Company's new management has made significant progress in resolving previous SEC and shareholder matters giving rise to the need to restate financial statements issued by the previous management as described in the Contingencies footnote herein. The Company has reached an agreement in principle with the SEC to settle its claims against the Company. In February 2003, we filed an S-1 Registration statement with the SEC covering the issuance of one million shares underlying the warrants as required by a previous shareholder settlement. Management believes these are important steps towards closure of the past legal, regulatory and financial reporting matters confronting the Company.

Our businesses continue to compete vigorously and we continue to enjoy good relationships with our customers. We have achieved successive quarterly sales growth in fiscal 2003 and have completed the majority of the consolidation of the Hicksville facility to Valhalla as of February, 2003. Our Power Conversion Group has been selected as a supplier of high voltage power systems by the two Federal Aviation Administration, or FAA, qualified manufacturers of Explosive Detection Systems, or EDS, for checked baggage.

CRITICAL ACCOUNTING POLICIES

A complete description of significant accounting policies are outlined in Note 1 of our Form 10-K for the year ended August 3, 2002. Within these policies, we have identified the accounting for deferred tax assets and the allowance for obsolete and excess inventory as being critical accounting policies due to the significant amount of estimates involved. In addition for interim periods, we have identified the valuation of finished goods inventory as being critical due to the amount of estimates involved.

We account for deferred taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes," whereby we recognize an asset related to our net operating loss carry forwards and other temporary differences between financial reporting basis and income tax basis. As of November 2, 2003, this deferred tax asset represented approximately 23% of our total assets. The valuation of our deferred tax assets and the recognition of tax benefits in each period assumes future taxable income and profitability. We periodically evaluate the likelihood of the recoverability of our deferred tax asset recognized, based upon our actual operating results and expectations of future operating profits.

During February and March 2003, as part of its customary six month planning and review cycle, management updated each business units' forecasts for the second half of fiscal 2003 and began preliminary planning for fiscal 2004. After reviewing the second half expectations, coupled with lower then expected first half gross margins and the uncertain economic outlook, management concluded that it was prudent to establish a valuation allowance of $4.7 million against long term deferred tax assets. The valuation allowance was computed by estimating the amount of future taxable income expected over the net operating loss carryforward period, considering recent performance and other actions the Company has taken to improve profitability. The valuation allowance recorded is the estimate of the amount of deferred tax assets that may not be realized.

A corresponding amount of $4.7 million was recorded as an income tax provision for the three and six month periods ended February 1, 2003. We anticipate that it is more likely than not the remaining deferred asset will be utilized against future operating profits; however, we can make no assurances that our business will generate profits in the future

Other than the establishment of a valuation allowance, we recorded no adjustments to our current or deferred tax accounts during the first half of fiscal 2003 with the exception of current tax provision amounts recorded at Villa Sistemi, our foreign subsidiary.

Another significant estimate is our allowance for obsolete and excess inventory. We re-evaluate our allowance for obsolete inventory once a quarter, and this allowance comprises the most significant portion of our inventory reserves. The re-evaluation of reserves is based on a written policy, which requires at a minimum that reserves be established based on our analysis of historical actual usage on a part-by-part basis. In addition, if management learns of specific obsolescence in addition to this minimum formula, these additional reserves will be recognized as well. Specific obsolescence might arise due to a technological or market change, or based on cancellation of an order. As we typically do not purchase inventory substantially in advance of production requirements, we do not expect cancellation of an order to be a material risk. However, market or technology changes can and do happen.

In addition, the Company also uses certain estimates in determining interim operating results. The most significant estimates in interim reporting relate to the valuation of inventories. For certain subsidiaries, for interim periods, the Company makes an estimate of the amount of labor and overhead costs related to finished goods inventories. As of February 1, 2003, finished goods represented approximately 21% of the net carrying value of the Company's total net inventory. We believe the estimation methodologies used to be appropriate and are consistently applied.

CONSOLIDATED RESULTS OF OPERATIONS

Second Quarter and Six Months Ended February 1, 2003 Compared to Second Quarter and Six Months Ended January 26, 2002.

Consolidated net sales of $26.0 million for the second quarter of fiscal 2003 were 7% higher than the second quarter of fiscal 2002, with increases at both operating segments. The Power Conversion Group's sales of $10.8 million were up 7% over the prior year quarter as a $3 million increase in shipments of high voltage power supplies to airport explosive detection system ("EDS") suppliers were offset by declines in other product lines and late shipments resulting from the consolidation of facilities. The Medical Systems Group's second quarter sales of $15.2 million improved 7% versus the prior year quarter as stronger domestic sales were partially offset by a decrease in international business. The Medical Systems Group's international shipments decreased due to a delay between the phasing out of old products and introduction of new products within an OEM manufacturing program, as well as a decrease in shipments to the Mexican market.

Consolidated second quarter 2003 sales increased slightly from first quarter 2003 levels of $25.6 million. The Medical Systems Group's sales increased significantly from the first quarter level of $12.0 million to second quarter levels of $15.2 million with sequential increases at both domestic and international units. Fiscal 2003 first quarter Medical Systems Group's sales were at reduced levels due to August vacation shutdowns in the European operation. The Power Conversion Group's second quarter sales of $10.8 million decreased from $13.6 million in the first quarter largely due to a $3 million decrease in EDS shipments in the second quarter, partly offset by a recovery in business at the Company's RFI subsidiary. First quarter RFI sales were at reduced levels due to a scheduled maintenance shutdown and a reorganization of the production lines.

Consolidated net sales of $51.6 million for the six months ended February 1, 2003 were 18% higher than sales for the first six months of the prior fiscal year. The Power Conversion Group's six month sales of $24.3 million improved by 22% over the prior year period, primarily due to a $9 million increase in EDS business. The Medical Systems Group's six months sales of $27.2 million improved by 14% over the prior year period due to increased domestic shipments.

Consolidated backlog at February 1, 2003 was $28 million versus backlog at August 3, 2002 of approximately $32 million. The decline in backlog from beginning of year levels is mostly attributable to high shipments of EDS orders in the Power Conversion Segment, offset by an increase in the backlog at our Medical Systems Segment. Substantially all of the backlog should result in shipments within the next 12 months.

Gross margins as a percent of sales were 21% for the second quarter of fiscal 2003, compared to 26% in the second quarter of fiscal 2002, resulting in a gross profit decrease of $0.8 million year over year. The Power Conversion Group's second quarter margins were 17%, versus 25% in the prior year period, reflecting higher manufacturing costs due to disruptions resulting from the plant consolidation, and standard cost downward revaluations. The relocation of inventories to the Valhalla facility resulted in us recognizing additional inventory write-downs, particularly in work in process, due to re-examination of labor and overhead allocations and due to the write off of certain production supplies. These factors were partially offset by $3.0 million in sales of higher margin EDS products during the second quarter of fiscal 2003. At the Medical Systems Group, gross margins in the European operations held constant with the prior year second quarter level of 29% Although quarterly sales increased 27% in our U.S. operations, gross margin declined to 20% from 28% in last years second quarter due to increases in material and material handling costs. In addition, last year's second quarter in the domestic Medical Systems Group operations benefited from the shipment of previously written off product. These products were determined to be technologically obsolete and fully reserved for as of the end of fiscal 2001, however, we were able to recover value for them during the second quarter of last year. The segment continues to evaluate its product line contribution margins and seeks to emphasize its higher margin products.

Gross margin percentages for the second quarter of 2003, on a consolidated basis were similar to the 21% margins experienced during the first quarter of the year. The Medical Systems Group's second quarter margins of 25% improved from first quarter margins of 21% due to the increase in sales. The Power Conversion Group's second quarter margins of 17% decreased from the 21% level in the first quarter due to the decrease in sales, disruptions caused by plant consolidations and second quarter physical inventory adjustments.

Gross margins as a percent of sales were 21% for the first half of fiscal 2003, compared to 23% in the comparable fiscal 2002 period. Due to higher shipments in fiscal 2003, the gross margin improved $0.9 million year over year. The Power Conversion Group's first six month margins were 19%, versus 20% in the prior year six month period, reflecting the effects of the plant consolidation and inventory adjustments as described above. The Medical Systems Group's gross margins were 23%, compared to 25% in the prior year period, primarily due to the higher margins in the prior year from shipment of previously written off product discussed above.

Selling General and Administrative ("SG&A") expenses were $5.6 million for the second quarter of fiscal 2003, including $0.8 million of unusual legal and accounting fees incurred in connection with current legal matters as disclosed in the contingencies footnote to our financial statements. SG&A expenses for the second quarter of fiscal 2002 were $5.4 million and included $1.1 million of unusually high accounting fees. Excluding the unusually high legal and accounting fees, second quarter SG&A increased $0.5 million from the same quarter last year, primarily due to reorganization efforts, increased headcount, and higher medical, general and directors and officers insurance costs. Research and Development ("R&D") expenses, consisting primarily of engineering costs, remained consistent at 3% of sales for both periods. R&D expenses increased relative to the second quarter of fiscal 2002 in the Medical Systems Group, but decreased at the Power Conversion Group as engineering efforts remained focused on plant consolidations, process improvements and quality initiatives.

Second quarter 2003 SG&A expenses of $5.6 million were comparable to first quarter levels. R&D expenses were $0.3 million in the first quarter compared to $0.7 million in the second quarter of 2003, with the increases occurring in the Medical Systems Group.

SG&A for the six months ended February 1, 2003 of $11.2 million or 22% of sales included unusually high legal and accounting fees of $1.3 million as described above. SG&A for the six months ended January 26, 2002 were $10.7 million or 24% of sales and included $3.1 million of unusually high accounting fees. Excluding the unusually high legal and accounting fees, SG&A for the first half of fiscal 2003 increased by $2.3 million from the same period last year, reflecting the factors discussed above, plus a payment of $0.2 million during the first quarter related to the separation of the former president of our Italian subsidiary.

Facilities reorganization costs relate to the continued phase out of the Power Conversion Group's Hicksville, N.Y. facility, which was started in the fourth quarter of fiscal 2002 and will continue until the relocation to that group's Valhalla, N.Y. facility is completed. The majority of the physical move of inventory, equipment and personnel was completed as of the second quarter of fiscal 2003 and we expect a decrease in these costs over the balance of the fiscal year.

There were no litigation settlement costs incurred during fiscal 2003, however, we may incur some costs in connection with the settlement of the ongoing Department of Defense investigation although we are not able to estimate an amount at present. Prior year amounts include a $0.3 million insurance recovery of class action litigation related legal costs.

As a result of the above we recognized a second quarter operating loss of $1.0 million compared to a profit of $0.3 million in the second quarter of fiscal 2002. The Medical Systems Group posted an operating profit of $0.7 million, offset by a $0.7 operating loss at the Power Conversion Group and higher corporate expenses. The second quarter operating loss of $1.0 million increased from the first quarter 2003 loss due primarily to increased R&D spending and the second quarter inventory adjustments. For the first six months of fiscal 2003 we recognized an operating loss of $1.7 million compared to a loss of $1.6 million in last years period. Six month results reflect a Medical Systems Group operating profit of $0.6 million, offset by operating losses of $0.1 million in the Power Conversion Group and unallocated corporate costs of $2.2 million, reflecting the higher legal and accounting costs as described above.

Interest expense for the six months and quarter ended February 1, 2003 was comparable to the prior years periods.

Other income includes a recovery in the first quarter of fiscal 2003 of $0.5 million related to the settlement of a dispute in connection with a 1999 product line acquisition.

Provision for income taxes for the three and six month period ended February 1, 2003 reflects the establishment of a $4.7 million deferred tax valuation allowance as discussed in Critical Accounting Policies, above. We expect to be profitable in future periods, however management periodically evaluates the likelihood of the recoverability of the deferred tax asset recognized on our balance sheet. Based on management analysis, we believe it is more likely than not that the remaining deferred tax assets will be realized.

Reflecting the above, we recorded net losses of $6.3 million or $0.60 per share in the second quarter compared to near breakeven results in the second quarter of last year. Our loss was $6.9 million or $0.66 per share in the first half of this year compared to a loss of $1.7 million or $.22 per share for the first half of 2002. Current year earnings per share amounts reflect the 2,500,000 additional shares issued in conjunction with the shareholder settlement described in our latest Form 10-K.

FINANCIAL CONDITION

LIQUIDITY AND CAPIAL RESOURCES
The Company has funded its operations through a combination of cash flow from operations and short-term credit facilities.

Working Capital - At February 1,2003 and August 3,2002, the Company's working capital was approximately $17.1 million and $18.6 million, respectively. At such dates the Company had approximately $2.2 million and $0.9 million, respectively, in cash and cash equivalents. As of February 1, 2003 the Company had approximately $5 million of excess borrowing availability under its domestic revolving credit facility.

Cash Flows from Operating activities - For the six months ended February 1, 2003 the Company generated approximately $5.7 million of cash from operations, compared to a generation of $4.3 million in last year's period. Contributing to this year's cash generation were a decrease in Trade receivables of approximately $1.1 million and a reduction in inventory of approximately $1.6 million. These reductions were achieved despite higher trailing six month shipments as of February 1, 2003 (versus the previous six months) as the Company continues to improve its purchasing and collection practices. In addition, the Company collected approximately $4.0 million in income tax refunds during the first half of fiscal 2003.

Cash flows from Investing activities - The Company continues to invest in capital equipment and improvements, principally for its manufacturing operations, in order to improve its manufacturing capability and capacity. The Company has expended approximately $1.2 million in facility improvements and capital equipment for the six-month period ended February 1, 2003, principally at the Power Conversion Group's Valhalla facility related to the consolidation of the Bertan business. In addition the Company made improvements to the HVAC system at its Milan based Villa Systemi Medicali S.p.A, subsidiary.

Cash Flows from Financing Activities - During fiscal 2003, the Company repaid approximately $3.3 million of indebtedness.

The following table summarizes our contractual obligations, including debt and operating leases at August 3, 2002:

Obligations	Total(1)	Fiscal 2003	Fiscal 2004 - 2006	Fiscal 2007 - 2008	After Fiscal 2008
Long-term debt	$ 3,170	$ 688	$ 1,324	$ 896	$ 262
Capital lease Obligations	3,900	285	926	770	1,919
Subordinated note	1,610	-	-	1,610	-
Operating leases	2,678	1,089	1,524	65	-
Total contractual cash obligations	$11,358	$2,062	$ 3,774	$3,341	$ 2,181

(1) In addition, as of August 3, 2002 we had approximately $7 million revolving credit debt in the U.S. and $1 million in Italy. The Italian credit facilities are generally renewed on a yearly basis and the U.S facility matures in fiscal 2005. Upon maturity, the Company anticipates refinancing any balances remaining on the U.S. facility.

Credit Facility and Borrowing - The Company has a $10 million senior revolving credit agreement with Transamerica Business Capital ("Transamerica") dated as of June 10, 2002. This facility has a term of three years and interest under this U.S. credit facility is at prime plus 3/4%, or at the Company's option, at a rate tied to LIBOR. The interest rate on the revolving line of credit is 5.0% at February 1, 2003. The credit facility is subject to commitment fees of 3/8% on the daily unused portion of the facility, payable monthly. This credit facility is secured by substantially all of the Company's accounts receivable, inventory, and fixed assets in the U.S. The terms of this credit facility, require the Company to comply with various operational and financial covenants and place limitations on the Company's ability to make capital expenditures and to pay dividends.

As of February 1, 2003, the Company is in compliance with the financial covenants, as amended, in its U.S. credit facility. In the first quarter of fiscal 2003, the Company obtained a waiver of non-compliance with certain financial covenants, and signed a Second Amendment with Transamerica which includes revised financial covenants that the Company expects it will be able to continue to meet.

The Company anticipates that cash generated from operations and amounts available from its new credit facility will be sufficient to satisfy its currently projected operating cash needs for at least the next twelve months.

Legal Matters - In February 2003, we filed an S-1 Registration statement with the SEC covering the issuance of one million shares of Company common stock underlying warrants that were issued to certain shareholders in connection with the previous shareholder litigation. Prior to declaring this Registration Statement effective, the Company must satisfactorily respond to any questions raised by the SEC in its review and there can be no assurances that the SEC will declare this Registration Statement effective. Should the SEC declare this Registration Statement effective, shareholders would be able to exercise the warrants issued as part of the shareholder litigation settlement and purchase Del Common Stock at a price of $2 per share. These warrants are also callable by the Company at a price of $0.25 per warrant, if the Common Stock trades at or above $4 per share for ten (10) consecutive days.

In addition, as described more fully in Part II of this filing, in March 2003 we settled litigation with the former CEO in return for the payment of $0.4 million in cash to the Company and the return of approximately 15,000 shares of Company common stock.

Item 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not ordinarily hold market risk sensitive instruments for trading purposes, use derivative instruments or engage in hedging activities. We do, however, experience market risk from interest rate and foreign currency exchange exposure.

Interest Rate Risk
Our U.S. and foreign revolving credit facilities and certain of our Italian subsidiary's long-term debt incur interest charges that fluctuate with changes in market interest rates. Based on the balances as of August 3, 2002, an increase of 1/2 of 1% in interest rates would increase interest expense by approximately $70,000 annually. There is no assurance that interest rates will increase or decrease over the next fiscal year.

Foreign Currency Risk
The financial statements of Villa Sistemi Medicali S.p.A. are denominated in Euro. Villa accounts for approximately 25 to 30% of our total revenues. Having a portion of our future income denominated in Euro exposes us to market risk with respect to fluctuations in the U.S. dollar value of future Euro earnings. A 10% decline in the value of the Euro in fiscal year 2002, for example, would have reduced sales by approximately $2.8 million, and would have increased our consolidated operating loss by approximately $300,000 (due to the reduction in the U.S. dollar value of Villa's operating income.) In addition, Villa on average, carries approximately $0.8 million of U.S. dollar denominated trade receivables, and is subject to the risk of currency fluctuations between invoicing and subsequent collection.

Item 4 CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure (1) that information required to be disclosed by us in the reports we file or submit under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's ("SEC") rules and forms, and (2) that this information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost benefit relationship of possible controls and procedures.

Under the supervision and review of our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures in February 2003. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures are effective in alerting them in a timely manner to material information regarding the Company (including our consolidated subsidiaries) that is required to be included in our periodic reports to the SEC.

In addition, there have been no significant changes in our internal controls or in other factors that could significantly affect those controls since our November 2002 evaluation. We cannot assure you, however, that our system of disclosure controls and procedures will always achieve its stated goals under all future conditions, no matter how remote.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS (Dollars in Thousands)

Securities and Exchange Commission ("SEC") Investigation - On December 11, 2000, the Division of Enforcement of the SEC issued a formal Order Directing Private Investigation, designating SEC officers to take testimony and requiring the production of certain documents, in connection with matters giving rise to the need to restate the Company's previously issued financial statements. The Company has provided numerous documents to and continues to cooperate fully with the SEC staff.

The Company has reached an agreement in principle with the Staff of the SEC to settle the SEC's claims against the Company for a settlement that will include a penalty of up to $400 and an injunction against future violations of the antifraud, periodic reporting, books and records and internal accounting control provisions of the federal securities law. The proposed settlement may be subject to, amongst other things, a future restatement of historical financial statements for the Company, or other material adjustments. However, management is not aware of any restatements or adjustments required with respect to financial statements filed with the SEC since April 2002. In addition, the proposed settlement will require approval by the Commission and by the Court. We can give no assurance that this settlement will be approved by either the Commission or the Court.

Although the Company has not reached a binding agreement with the SEC on this settlement proposal, management believes that this agreement in principle is a reasonable basis on which it can now estimate the financial impact of this SEC investigation. As a result, the Company recorded a charge of $685 in the fourth quarter of fiscal year 2002 related to this agreement in principle with the SEC Staff, which includes associated legal costs.

Department of Defense Investigation - On March 8, 2002, RFI Corporation, a subsidiary of the Company and part of the Power Conversion Group segment, was served with a subpoena by the US Attorney Eastern District of New York in connection with an investigation by the US Department of Defense ("DOD"). RFI supplies noise suppression filters for communications and defense applications. Management has retained special counsel to represent the Company on this matter. The Company is fully cooperating with this investigation, including voluntarily providing employees to be interviewed by the Defense Criminal Investigative Services division of the DOD. Management of the Company cannot predict the duration of such investigation or its potential outcome.

Employment Matters - The Company had an employment agreement with the former Chief Executive Officer ("CEO") through July 2005. The agreement provided a minimum base salary, deferred compensation and bonuses, as defined. The Company accrued deferred compensation at a rate of 5% of pretax income with a minimum of $100 and a maximum of $125. In the third quarter of fiscal 2001, the employment of the former CEO was terminated. In February 2002, the Company filed a lawsuit against the former CEO alleging fraudulent and other wrongful acts, including securities law violations, fraudulent accounting practices, breaches of fiduciary duties, insider trading violations and corporate mismanagement. The complaint sought damages in excess of $15 million.

The former CEO answered the Company's complaint, and counterclaimed for damages based on the termination of his employment by the Company. The former CEO also brought third party claims against certain directors and officers, which were dismissed on October 18, 2002.

In March of 2003, the Company and the former CEO reached a settlement of these lawsuits. Under the terms of the settlement and mutual release, the Company's former CEO paid the Company $400 in cash and transferred to the Company 14,967 shares of Company common stock, valued at approximately $45 as of March 7, 2003. The Company expects to recognize the effect of this settlement in the third quarter of Fiscal 2003, offset by any associated legal cost.

Other Legal Matters - The Company is a defendant in several other legal actions arising from normal course of business. Management believes the Company has meritorious defenses to such actions and that the outcomes will not be material to the Company's consolidated financial statements.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

a: Exhibits

10.22	Settlement agreement and release between the Company, its affiliates and other interested parties and the former CEO of the Company.
99.1	Certification pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer, Samuel E. Park.
99.2	Certification pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer, Thomas V. Gilboy.

b: Reports on Form 8-K

On January 23, 2003, the Company filed a Current Report on Form 8-K reporting under Item 5. "Other Events" to report that the Company issued a press release announcing that the Company has received relief from the SEC for filing selected financial data for fiscal years 1999 and 1998 in its securities filings.

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/ Samuel E. Park

Samuel Park
Chief Executive Officer
and President

/s/ Thomas V Gilboy

Thomas V Gilboy
Chief Financial Officer,
Vice President
(Principal Financial and
Accounting Officer)

Dated : March 17, 2003

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Quarterly Reports on Form 10-Q.

I, Samuel E. Park, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Del Global Technologies Corp.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
c. presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the evaluation Date;

5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003

/s/ Samuel E. Park

Samuel E. Park
Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 for Quarterly Reports on Form 10-Q.

I, Thomas V. Gilboy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Del Global Technologies Corp.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and I have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
c. presented in this quarterly report my conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the evaluation Date;

5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 17, 2003

/s/ Thomas V Gilboy

Thomas V. Gilboy
Chief Financial Officer

Exhibit 10.22

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Agreement") is entered into by and between Del Global Technologies Corp. and its affiliates, subsidiaries, present and former directors, officers, agents, accountants, attorneys, stockholders, predecessors and the agents and attorneys of its present and former directors (the "Company") and Leonard A. Trugman and each of his heirs, administrators, liquidators, executors, successors, and assigns ("Trugman"), in consideration of the covenants contained herein as follows:

RECITALS

WHEREAS, in or about February 2002, the Company filed a complaint against Trugman, amended in or about May 2002, in an action entitled Del Global Technologies Corporation v. Leonard A. Trugman, No. 02 Civ. 0964 (CM) (GAY), in the United States District Court for the Southern District of New York (the "Action"); and

WHEREAS, Trugman filed an answer to the amended complaint, counterclaims against the Company, a third-party complaint and an amended third-party complaint (which amended third-party complaint was subsequently dismissed by the court in this Action); and WHEREAS, the Company and Trugman (the "Parties") recognize the existence of their disputes and desire to resolve and discontinue those disputes, and the Parties now deem it to be in their best interest to settle and compromise the disputes existing between them; and WHEREAS, Trugman and/or Trugman jointly with his wife owns or own 14,597 shares of common stock of the Company and the FBO Trugman Family Trust (of which Trugman is a trustee) owns 370 shares of common stock of the Company, and the Parties desire that transfer of ownership of these 14,967 shares (the "Shares") to the Company shall be part of this Agreement; and WHEREAS, this Agreement does not constitute an admission of any liability with respect to any of the matters referenced herein; it is hereby agreed to as follows:

AGREEMENT

1. Trugman and the Company will, simultaneous with the execution of this Agreement, execute a Stipulation of Dismissal With Prejudice, in the form annexed hereto at Tab 1, dismissing with prejudice the claims and counterclaims asserted in the Action (the "Stipulation"). The Stipulation will be held in escrow by Constantine & Partners until such time as the Company actually receives both the Shares and the payment described below. At that time, Constantine & Partners will file the Stipulation with the Clerk, U.S. District Court for the Southern District of New York.
2. Trugman agrees to transfer ownership of the Shares, including all rights, titles and interests in the Shares, to the Company (the "Transfer").
3. Simultaneous with the execution of the Agreement, Trugman will deliver to the Company executed forms of stock powers in the forms annexed hereto at Tab 2.
4. Trugman agrees that by no later than 5:00 p.m. on March 10, 2003, he will instruct the appropriate transfer agent to take all steps necessary to effect the Transfer.
5. Trugman agrees that he will take all steps necessary to effect the Transfer.
6. The Company agrees that it will take all steps necessary to effect the Transfer, including removal of all restrictive legends.
7. Trugman represents that he is authorized to enter into this Agreement to Transfer the Shares to the Company, that the parties transferring the Shares to the Company have good and marketable title to the Shares and that there are no pledges, liens or encumbrances of any type on the Shares other than the restrictive legends placed on the Shares by the Company.
8. The Company agrees that upon demand, it will immediately have its counsel review any restrictive legends upon Del Global stock in the names of Robyn Simon, Alexandra Simon, Kyle Simon, or Justin Trugman. If removal of such legends are consistent with securities regulations, the Company further agrees that it will request its counsel to issue, in a timely fashion, the appropriate opinion so that the stock in the above names may become unencumbered.
9. Trugman agrees to pay the Company four hundred thousand dollars ($400,000.00) (the "Payment").
10. Trugman agrees that he will make the Payment by delivering to the Company by certified check, or by wire transfer to such account as the Company shall designate, four hundred thousand dollars ($400,000.00) by no later than 5:00 p.m. on March 10, 2003.
11. The Transfer and Payment are intended to represent the return of possible overpayment of bonuses based on pre-tax earnings that Trugman received for the 1997 to 1999 fiscal years as subsequently indicated by the Company's restatement of its earnings for that period.
12. The Company and Trugman agree not to disparage each other's business and personal abilities and reputations.
13. If any private third party makes any inquiries - that are not pursuant to a subpoena or other judicial, administrative or agency process - about the Action or Trugman's relationship with the Company, the Company and Trugman agree to respond in substance that the Company and Trugman have entered into a Settlement Agreement and Release, and under the terms of that Agreement, the Parties are not to discuss their relationship or this Action. If the Company issues a press release (or makes any other unsolicited statement to the public or to any private third party) about this Agreement or the settlement of the Action, the Company agrees that it will state in substance nothing more regarding the Agreement or settlement than the stock transfer (valued at approximately $45,000) and payment of $400,000 are being made to the Company in settlement of the Action. The Company agrees that any such press release will not mention Trugman's name and will not describe any of the Company's allegations against Trugman.

RELEASE

14. In consideration of the above Agreement and for other good and valuable cause and consideration, Trugman hereby releases and forever discharges the Company from any and all claims, causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, of any kind or nature, known or unknown, fixed of contingent, direct of indirect, which Trugman now has or hereafter may have against the Company from the beginning of the world to the day of the date of this Agreement. This release includes, but is not limited to, all claims that Trugman asserted, or could have asserted, in his counterclaims, his third-party complaint and his amended third-party complaint.
15. In consideration of the above agreement and for other good and valuable cause and consideration, the Company hereby releases and forever discharges Trugman from any and all claims, causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, of any kind or nature, known or unknown, fixed or contingent, direct or indirect, which the Company now has or hereafter may have against Trugman from the beginning of the world to the day of the date of this Agreement. This release includes, but is not limited to, all claims that the Company asserted, or could have asserted, in its complaint and its amended complaint.
16. The Company agrees that if Trugman's wife, Riva Trugman, executes and delivers to the Company a mutual release in the form annexed hereto at Tab 3 by no later than March 17, 2003, the Company will also execute that mutual release by no later than March 24, 2003.
17. The Company agrees that if Trugman's daughter, Robyn Simon, executes and delivers to the Company a mutual release in the form annexed hereto at Tab 4 by no later than March 17, 2003, the Company will also execute that mutual release by no later than March 24, 2003.

CONSTRUCTION

18. This Agreement was negotiated between the Parties hereto at arms length, with each party having the opportunity to receive advice of independent counsel of its choosing. It is the intent of the Parties that no part of this Agreement be construed against any of the Parties because of the identity of the drafter.
19. This Agreement constitutes a single integrated and written contract expressing the entire agreement between the Parties. This Agreement supersedes any prior understanding and agreements among the Parties with respect to the subject matter herein. There are no representations, agreements, arrangements or understandings among the Parties, oral or written, relating to the subject matter of this Agreement that are not fully expressed herein. Any statements, promises or inducements, whether made by any party or any agent of any party, that are not contained in this written Agreement, shall not be valid or binding. This Agreement may not be enlarged, modified or altered except by written agreement signed by all of the Parties of this Agreement.
20. The Parties agree that this Agreement should not be construed as precluding the Company from receiving any recovery or other relief obtained for its benefit from any action or proceeding brought by the Securities and Exchange Commission.
21. The Parties agree that nothing in this Agreement should be construed as affecting the Company's obligations to report matters to the Securities and Exchange Commission or any other governmental entity to which the Company has any legal obligations to report matters.

LIABILITY

22. Nothing contained in this Agreement is intended to be an admission of liability on the part of any of the Parties with respect to the matters referenced herein.

SUCCESSORS AND ASSIGNS

23. This Agreement shall inure to the benefit of, and shall be binding upon, the executors, administrators, heirs, successors and assigns of each of the Parties to this Agreement.

MISCELLANEOUS PROVISIONS

24. The parties represent that each of them is authorized to make the representations contained herein and to enter into this Agreement.
25. This Agreement and its terms shall be construed under the laws of the State of New York.
26. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

Dated: March 10, 2003 Dated: March 10, 2003

Del Global Technologies Corp.

By: /s/ Samuel Park	*By: /s/Leonard A. Trugman*
Samuel E. Park, President	*Leonard A. Trugman*

TAB 1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

---x

	:
DEL GLOBAL TECHNOLOGIES CORPORATION,	:
Plaintiff,	:
	:
-against-	:
	:
LEONARD A. TRUGMAN,	:
	:
Defendant.	:

:

---x

02 Civ. 0964 (CM)(GAY)

STIPULATION OF DISMISSAL WITH PREJUDICE

IT IS HEREBY STIPULATED AND AGREED, by and between the undersigned counsel for Plaintiff and Defendant that the above-captioned action is hereby dismissed with prejudice pursuant to Rule 41(a)(1) of the Federal Rules of Civil Procedure. Such dismissal is without costs or attorneys' fees to any party.

Dated: New York, New York
March 10, 2003

CONSTANTINE & PARTNERS

By: /s/ Gary J. Malone

Gary J. Malone (GM-3119)
477 Madison Avenue
New York, New York 10022
(212) 350-2700
Attorneys for Plaintiff

Dated: New York, New York
March 10, 2003

ROBERT K. ERLANGER

By: /s/ Robert K, Erlanger

Robert K. Erlanger (RE-0886)
220 Fifth Avenue, Suite 1702
New York New York 10001
(212) 686-8045
Attorney for Defendant

So Ordered:

U.S.D.J.

TAB 2

STOCK POWER

For Value Received, the undersigned hereby assigns and transfers unto Del Global Technologies Corporation (the "Corporation"), or its assignee or designee, Fourteen Thousand Five Hundred Ninety Seven (14,597) Shares of the Common Stock of the Corporation represented by Certificates Nos. S15390, S15381 and S15431, standing in the name of the undersigned on the books of said Corporation and do hereby irrevocably constitute and appoint the President or the Secretary of the Corporation Attorney to transfer the said Stock on the books of the aforementioned Corporation with full power of substitution in the premises.

Dated: March 10, 2003

In the presence of:

	/s/ Leonard A. Trugman
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	Leonard A. Trugman

Dated: March 10, 2003

In the presence of:

_________________________	/s/ Riva Trugman

	Riva Trugman

STOCK POWER

For Value Received, the undersigned hereby assigns and transfers unto Del Global Technologies Corporation (the "Corporation"), or its assignee or designee, Three Hundred Seventy (370) Shares of the Common Stock of the Corporation represented by Certificates Nos. S16565, S11088 and S12072, standing in the name of the undersigned on the books of said Corporation and do hereby irrevocably constitute and appoint the President or the Secretary of the Corporation Attorney to transfer the said Stock on the books of the aforementioned Corporation with full power of substitution in the premises.

FBO Trugman Family Trust

Dated: March 10, 2003

In the presence of:

_________________________ *By: /s/ Leonard A. Trugman*

Leonard A. Trugman,
Trustee

Dated: March 10, 2003

In the presence of:

_________________________ *By: /s/ Riva Trugman*

Riva Trugman,
Trustee

TAB 3

MUTUAL RELEASE

For good and valuable cause and consideration, Del Global Technologies Corp. and Riva Trugman hereby release and forever discharge each other from any and all claims, causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, of any kind or nature, known or unknown, fixed of contingent, direct of indirect, which either of them now has or hereafter may have against the other from the beginning of the world to March 10, 2003.

Dated: March 10, 2003 Dated: March 10, 2003

Del Global Technologies Corp.

By: /s/ Samuel E. Park	*/s/ Riva Trugman*
Samuel E. Park, President	*Riva Trugman*

TAB 4

MUTUAL RELEASE

For good and valuable cause and consideration, Del Global Technologies Corp. and Robyn Simon hereby release and forever discharge each other from any and all claims, causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liabilities, of any kind or nature, known or unknown, fixed of contingent, direct of indirect, which either of them now has or hereafter may have against the other from the beginning of the world to March 10, 2003.

Dated: March 10, 2003 Dated: March 10, 2003

Del Global Technologies Corp.

By: /s/ Samuel E. Park	*/s/ Robyn Simon*
-------------------	*----------------*
Samuel E. Park, President	*Robyn Simon*

Exhibit 99.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Del Global Technologies Corp. (the "Company") on Form 10-Q for the quarter ended November 2, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas V. Gilboy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Thomas V. Gilboy

Name: Thomas V. Gilboy
Chief Financial Officer
Date: March 17, 2003

Exhibit 99.1
CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350
ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Del Global Technologies Corp. (the "Company") on Form 10-Q for the quarter ended November 2, 2002, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Samuel E. Park, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:
(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Samuel E. Park

Name: Samuel E. Park
Chief Executive Officer
Date: March 17, 2003