

# DGT HOLDINGS CORP.

## FORM 10-K405/A

(Amended Annual Report (Regulation S-K, item 405))

Filed 11/28/95 for the Period Ending 07/29/95

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

# FORM 10-K/A

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FOR FISCAL YEAR ENDED JULY 29, 1995

COMMISSION FILE NUMBER 1-10512

### DEL ELECTRONICS CORP.

(Exact name of registrant as specified in its charter)

13-1784308

(IRS Employer Identification No.)

1 Commerce Park, Valhalla, New York 10595

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 914-686-3600

Securities registered pursuant to Section 12(b) of the Act: None Securities registered pursuant to Section 12(g) of the Act:

Title of each class

Name of each exchange on which registered

-----  
Common Stock,  
\$.10 Par Value

-----  
The American Stock Exchange, Inc.

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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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the registrant amounted to \$24,428,993 at the close of business on October 24, 1995.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the close of business on October 24, 1995.

**Common Stock - 4,074,434**

**ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA**

**DEL ELECTRONICS CORP. AND SUBSIDIARIES**

	Fiscal Year Ended				
	July 29 1995(b)	July 30, 1994(b)	July 31, 1993(b)	August 1, 1992	August 3, 1991
<b>INCOME STATEMENT DATA:</b>					
Net sales	\$32,596,312	\$24,327,015	\$22,287,315	\$18,948,930	\$17,323,205
Cost and expenses:					
Cost of sales	19,177,999	15,179,081	13,455,261	11,754,344	10,672,288
Research and development	2,861,844	2,253,412	1,712,881	1,262,263	845,945
Selling, general and administrative	6,622,690	4,862,519	4,390,267	3,473,622	3,453,222
Interest expenses -- net	1,191,142	576,832	360,149	308,525	874,058
	29,853,675	22,871,844	19,918,558	16,798,754	15,845,513
Income before provision for income taxes	2,742,637	1,455,171	2,368,757	2,150,176	1,477,692
Provision for income taxes	837,428	341,525	708,000	657,792	395,734
Cumulative effect of adoption of SFAS-109	--	76,363	--	--	--
Net income	\$ 1,905,209	\$ 1,190,009	\$ 1,660,757	\$ 1,492,384	\$ 1,081,958
Income before cumulative effect of change in accounting principle	\$ .40	\$ .23	\$ .38	\$ .35	\$ .36
Cumulative effect of adoption of SFAS-109	--	.02	--	--	--
Net income per common share and common share equivalents (a) primary and fully diluted	\$ .40	\$ .25	\$ .38	\$ .35	\$ .36
Number of shares used in computation of primary earnings per share (a)	4,897,374	4,754,260	4,439,513	4,296,864	3,045,438
Number of shares used in computation of fully diluted earnings per share (a)	4,918,032	4,754,260	4,442,198	4,310,090	3,045,438

	As of				
	July 29, 1995(c)	July 30, 1994(c)	July 31, 1993(c)	August 1, 1992	August 3, 1991
<b>BALANCE SHEET DATA:</b>					
Working capital	\$20,648,281	\$18,530,176	\$13,856,981	\$11,307,592	\$ 10,209,886
Total assets	\$39,054,634	\$36,198,373	\$24,969,136	\$19,412,572	\$ 18,299,270
Long-term debt	\$11,902,951	\$11,485,722	\$ 5,639,290	\$ 3,901,622	\$ 3,964,800
Shareholders' equity	\$19,525,073	\$17,698,507	\$15,634,240	\$12,773,226	\$ 10,815,414
Common shares outstanding	4,074,434	4,073,332	3,789,534	3,464,948	3,091,786

(a) Net income per common share and common stock equivalents have been restated to give effect to stock dividends in 1995, 1994, 1993 and 1992. See footnote 1 of notes to the consolidated financial statements for computation of earnings per share.

(b) The fiscal years ended July 29, 1995, July 30, 1994 and July 31, 1993 include the operations of Dynarad; fiscal years ended July 29, 1995 and July 30, 1994 includes the operations of Bertan.

(c) Common shares outstanding for 1995, 1994 and 1993 are reduced by 55,165, 16,656 shares and 4,000 shares of treasury stock, respectively.



**PART IV**

**ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K**

(a) 1. Financial Statements Page Number

**CONSOLIDATED FINANCIAL STATEMENTS OF  
DEL ELECTRONICS CORP. AND SUBSIDIARIES:**

Independent Auditors' Report	F-1
Consolidated Balance Sheets as of July 29, 1995 and July 30, 1994	F-2
Consolidated Statements of Income for the Fiscal Years Ended July 29, 1995, July 30, 1994 and July 31, 1993	F-3
Consolidated Statements of Shareholders' Equity for the Fiscal Years Ended July 29, 1995, July 30, 1994, and July 31, 1993	F-4
Consolidated Statements of Cash Flows for the Fiscal Years Ended July 29, 1995, July 30, 1994, and July 31, 1993	F-5- F-6

Notes to Consolidated Financial Statements for the Fiscal Years Ended July 29, 1995, July 30, 1994, and

July 31, 1993	F-7 - F17
Unaudited Selected Quarterly Financial Data	F-18

2. (a)	Exhibit Number	Description of Document	Footnotes
	3.1	Certificate of Incorporation dated October 25, 1954	(1)
	3.2	Certificate of Amendment of Certificate of Incorporation dated January 28, 1957	(1)
	3.3	Certificate of Amendment of Certificate of Incorporation dated July 12, 1960	(1)
	3.4	Certificate of Amendment of Certificate of Incorporation dated March 15, 1989	(2)
	3.5	Certificate of Amendment of Certificate of Incorporation dated January 19, 1989	(3)
	3.6	By-Laws of Del Electronics Corp.	(1)
	4.1	Warrant Certificate of ARX, Inc.	(4)
	4.2	Warrant Certificate of LB Capital, Inc.	(4)

### 4.3 Stock Purchase Warrants of Laidlaw

	Equities, Inc. and Colman Abbe	(5)
4.4	Registration Rights Agreement by and among Del Electronics Corp., Bertan Associates, Inc. Lester Bertan, Howard Bertan and Karl Reuchlein dated April 1, 1994	(6)
4.5	Warrant Agreement between Del Electronics Corp., and Chase Manhattan Investment Holdings, Inc., dated January 27, 1995	(7)
4.6	Amendment to Warrant Agreement between Del Electronics Corp. and Chase Manhattan Investment Holdings, Inc., dated January 27, 1995	(8)
4.7	Warrant Certificate of Stanley Wunderlich.	(9)
4.8	Warrant Certificate of Chatfield Dean & Co., Inc.	(10)
4.9	Warrant Certificate of Russell J. Breenberg.	(11)
4.10	Warrant Certificate of Shail B. Sheth.	(12)
4.11	Warrant Certificate of Kenneth L. Greenberg.	(13)
4.12	Warrant Certificate of J. Shain Gross.	(14)
4.13	Warrant Certificate of Rebecca Miller.	(15)
4.14	Copy of Del Electronics Corp. Amended and Restated Stock Option Plan (the "Plan").	(16)
4.15	Stock Purchase Plan	(17)
4.16	Option Agreement, substantially in the form used in connection with options granted under the Plan	(18)
10.1	Amended and Restated Executive Employment Agreement of Leonard A. Trugman	(19)
10.2	Amendment No. 1 to Amended and Restated Employment Agreement of Leonard A. Trugman	(20)
10.3	Amendment No. 2 to Amended and Restated Employment Agreement of Leonard A. Trugman	(21)
10.4	Employment Agreement of Leonard A. Michaels	(22)
10.5	Employment Agreement of Howard Bertan	(23)

- 10.6 Modified and Restated Credit Agreement dated as of May 10, 1994 among Del Electronics Corp., RFI Corp., Dynarad Corp., Bertan High Voltage Corp. and the Chase Manhattan Bank, N.A. (24)
- 10.7 First Amendment to Modified and Restated Credit Agreement dated November 4, 1994 among Del Electronics Corp., RFI Corp., Dynarad Corp., Del Medical Systems Corp. and the Chase Manhattan Bank, N.A. (25)
- 10.8 Second Amendment to Modified and Restated Credit Agreement dated November 11, 1994 among Del Electronics Corp., RFI Corporation, Dynarad Corp., Bertan High Voltage Corp., Del Medical Systems Corp., and The Chase Manhattan Bank, N.A. (26)
- 10.9 Third Amendment to Modified and Restated Credit Agreement dated January 27, 1995 among Del Electronics Corp., RFI Corporation, Dynarad Corp., Bertan High Voltage Corp., Del Medical Systems Corp., and The Chase Manhattan Bank, N.A. (27)
- 10.10 Lease Agreement dated April 7, 1992 between Messenger Realty and the Company (28)
- 10.11 Lease made as of September 1, 1992 between Arleigh Construction and Del Acquisition Corp. (29)
- 10.12 Lease and Guaranty of Lease dated May 25, 1994 between Leshow Enterprises and Bertan High Voltage Corp. (30)
- 10.13 Consulting Agreement between Del Acquisition Corp. and Harvey Schechter (31)
- 10.14 Consulting Agreement between Del Acquisition Corp. and Mark Weiss (32)
- \*11 Computation of earnings per Common Share and Common Share Equivalents for year ended July 29, 1995
- \*21 Subsidiaries of Del Electronics Corp.
- \*23 Consent of Deloitte & Touche LLP
- \*27 Financial Data Schedule

\* Filed herewith

- (1) Filed as Exhibit to Del Electronics Corp., Registration Statement on Form S-1 (No. 2-16839) and incorporated herein by reference.
- (2) Filed as Exhibit 3.5 to Del Electronics Corp., Annual Report on Form 10-K for the year ended August 2, 1986 and incorporated herein by reference.
- (3) Filed as Exhibit 4.5 to Del Electronics Corp., Form S-3 (No. 33-30446) filed August 10, 1989 and incorporated herein by reference.
- (4) Filed as Exhibits 4.2, 4.5 and 4.6 to Del Electronics Corp., Annual Report on Form 10-K filed November 6, 1991 and incorporated herein by reference.
- (5) Filed as Exhibit 4.2 to Del Electronics Corp., Pre-Effective Amendment No. 1 to Registration Statement on Form S-2 (No. 33- 40314) and incorporated herein by reference.
- (6) Filed as Exhibit 4.1 to Del Electronics Corp., Report on Form 8-K dated June 10, 1994 and incorporated herein by reference.
- (7) Filed as Exhibit 4.5 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (8) Filed as Exhibit 4.6 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (9) Filed as Exhibit 4.7 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (10) Filed as Exhibit 4.8 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (11) Filed as Exhibit 4.9 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (12) Filed as Exhibit 4.10 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (13) Filed as Exhibit 4.11 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (14) Filed as Exhibit 4.12 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (15) Filed as Exhibit 4.13 to Del Electronics Corp., Registration Statement on Form S-3 (No. 33-61025) and incorporated herein by reference.
- (16) Filed as Exhibit A to Del Electronics Corp., Proxy Statement dated January 26, 1994 and incorporated herein by reference.
- (17) Filed as Exhibit 4.9 to Del Electronics Corp., Annual Report on Form 10-K for the year ended July 29, 1989 and incorporated herein by reference.
- (18) Filed as Exhibit 4.8 to Del Electronics Corp., Annual Report on Form 10-K for the year ended July 30, 1994 and incorporated herein by reference.
- (19) Filed as Exhibit 10.1 to Del Electronics Corp., Annual Report on Form 10-K for the year ended July 31, 1993 and incorporated herein by reference.
- (20) Filed as Exhibit 10.2 to Del Electronics Corp., Annual Report on Form 10-K for the year ended July 30, 1994 and incorporated herein by reference.
- (21) Filed as Exhibit 10.3 to Del Electronics Corp., Annual Report on Form 10-K for the year ended July 30, 1994 and incorporated herein by reference.
- (22) Filed as Exhibit 28.1 to Del Electronics Corp., Current Report on Form 8-K dated November 9, 1992 and incorporated herein by reference.
- (23) Filed as Exhibit 2.2 to Del Electronics Corp., Current Report on Form 8-K dated June 10, 1994 and incorporated herein by reference.



- (24) Filed as Exhibit 10.6 to Del Electronics Corp., Annual Report on Form 10-K for the year ended July 30, 1994 and incorporated herein by reference.
- (25) Filed as Exhibit 10.7 to Del Electronics Corp., Annual Report on Form 10-K for the year ended July 30, 1994 and incorporated herein by reference.
- (26) Filed as Exhibit 10.1 to Del Electronics Corp., Quarterly Report on Form 10-Q for the quarter ended January 28, 1995 and incorporated herein by reference.
- (27) Filed as Exhibit 10.2 to Del Electronics Corp., Quarterly Report on Form 10-Q for the quarter ended January 28, 1995 and incorporated herein by reference.
- (28) Filed as Exhibit 6(a) to Del Electronics Corp., Quarterly Report on Form 10-Q for the quarter ended May 2, 1992 and incorporated herein by reference
- (29) Filed as Exhibit 28.6 to Del Electronics Corp., Current Report on Form 8-K dated November 9, 1992 and incorporated herein by reference.
- (30) Filed as Exhibit 2.5 to Del Electronics Corp., Current Report on Form 8-K dated June 10, 1994 and incorporated herein by reference.
- (31) Filed as Exhibit 28.4 to Del Electronics Corp., Current Report on Form 8-K dated November 9, 1992 and incorporated herein by reference.
- (32) Filed as Exhibit 28.5 to Del Electronics Corp., Current Report on Form 8-K dated November 9, 1992 and incorporated herein by reference.

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Del Electronics Corp. and Subsidiary  
Valhalla, New York

We have audited the accompanying consolidated balance sheets of Del Electronics Corp. and subsidiaries as of July 29, 1995 and July 30, 1994 and the related consolidated statements of income, shareholders' equity and cash flows for each of the three fiscal years in the period ended July 29, 1995. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Del Electronics Corp. and subsidiaries at July 29, 1995 and July 30, 1994, and the results of their operations and their cash flows for each of three fiscal years in the period ended July 29, 1995, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for income taxes effective August 1, 1993 to conform with Statement of Financial Accounting Standards No. 109.

*S/DELOITTE & TOUCHE LLP*

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*DELOITTE & TOUCHE LLP*

*New York, New York*  
*October 23, 1995*

**DEL ELECTRONICS CORP. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	July 29, 1995 -----	July 30, 1994 -----
<b>ASSETS (Note 6)</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents (Note 1)	\$ 505,989	\$ 445,597
Investments available-for-sale (Notes 1, 2 and 10)	378,534	346,270
Trade receivables (net of allowance for doubtful accounts of \$144,431 at July 29, 1995 and \$164,675 at July 30, 1994)	6,456,853	6,120,457
Cost and estimated earnings in excess of billings on uncompleted contracts (Note 3)	395,847	551,301
Inventory (Notes 1 and 4)	18,038,358	16,072,933
Prepaid expenses and other current assets (Note 11)	1,117,963	856,969
Total current assets	----- 26,893,544	----- 24,393,527
FIXED ASSETS - At cost (Notes 1 and 5)	11,115,297	9,777,788
Less accumulated depreciation and amortization	3,362,516	2,612,930
	----- 7,752,781	----- 7,164,858
GOODWILL (net of accumulated amortization of \$216,951 at July 29, 1995 and \$90,169 at July 30, 1994) (Notes 1 and 11)	2,865,408	2,992,191
DEFERRED CHARGES (Note 11)	876,638	1,036,785
OTHER ASSETS (Notes 7, 9 and 11)	666,263	611,012
TOTAL	----- \$39,054,634	----- \$36,198,373

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES:**

Current portion of long-term debt (Note 6)	\$ 943,383	\$ 928,568
Accounts payable - trade	2,539,615	2,477,101
Accrued liabilities (Note 11)	2,484,435	2,457,682
Income taxes (Notes 1 and 9)	277,830	
Total current liabilities	----- 6,245,263	----- 5,863,351

**LONG-TERM LIABILITIES:**

LONG-TERM DEBT (Less current portion included above) (Note 6)	11,902,951	11,485,722
--	------------	------------

OTHER (Note 11)	775,541	757,410
DEFERRED INCOME TAXES (Notes 1 and 9)	605,806	393,383
Total liabilities	19,529,561	18,499,866
COMMITMENTS AND CONTINGENCIES (Notes 6, 7,8,10 and 11)		
SHAREHOLDERS' EQUITY (Notes 1, 7 and 8):		
Common stock - \$.10 par value; Authorized - 10,000,000 shares; Issued and outstanding -- 4,129,599 at July 29, 1995 and 3,856,162 shares at July 30, 1994	412,960	385,616
Additional paid-in capital	16,239,784	14,828,924
Retained earnings	3,189,244	2,583,817
	19,841,988	17,798,357
Less common stock in treasury -- 55,165 at July 29, 1995 and 16,656 at July 30, 1994 shares at cost	316,915	99,850
Total shareholders' equity	19,525,073	17,698,507
TOTAL	\$39,054,634	\$36,198,373
	=====	=====

See notes to consolidated financial statements.

**DEL ELECTRONICS CORP. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

	Fiscal Year Ended		
	July 29, 1995	July 30, 1994	July 31, 1993
NET SALES (Notes 1, 3 and 12)	\$32,596,312	\$24,327,015	\$22,287,315
COSTS AND EXPENSES:			
Cost of sales	19,177,999	15,179,081	13,455,261
Research and development (Note 1)	2,861,844	2,253,412	1,712,881
Selling, general and administrative	6,622,690	4,862,519	4,390,267
Interest expense -- net of interest income of \$3,419 in 1995, \$1,813 in 1994, and \$17,350 in 1993	1,191,142	576,832	360,149
	29,853,675	22,871,844	19,918,558
INCOME BEFORE PROVISION FOR INCOME TAXES	2,742,637	1,455,171	2,368,757
PROVISION FOR INCOME TAXES (Notes 1 and 9)	837,428	341,525	708,000
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN METHOD FOR ACCOUNTING FOR INCOME TAXES	1,905,209	1,113,646	1,660,757
CUMULATIVE EFFECT OF CHANGE IN METHOD FOR ACCOUNTING FOR INCOME TAXES (Notes 1 and 9)		76,363	
NET INCOME	\$ 1,905,209	\$ 1,190,009	\$ 1,660,757
PER SHARE AMOUNTS (Note 1):			
INCOME BEFORE CUMULATIVE EFFECT OF CHANGE IN METHOD FOR ACCOUNTING FOR INCOME TAXES	\$ .40	\$ .23	\$ .38
CUMULATIVE EFFECT OF CHANGE IN METHOD FOR ACCOUNTING FOR INCOME TAXES (Note 9)	\$ --	\$ .02	\$ --
NET INCOME PER COMMON SHARE AND COMMON SHARE EQUIVALENTS PRIMARY AND FULLY DILUTED	\$ .40	\$ .25	\$ .38

See notes to consolidated financial statements.

**DEL ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

	Common Stock Issued		Treasury Stock		Additional Paid-in Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
BALANCE -- AUGUST 1, 1992	2,819,713	\$281,971			\$9,514,367	\$2,976,888	\$12,773,226
Shares issued related to acquisition (Note 11)	168,422	16,842			983,158		1,000,000
Stock dividends -- 6% December 1992 and 3% May 1993 (Note 8)	276,367	27,637			1,708,282	(1,741,583)	(5,664)
Exercise of stock options and warrants (Note 8)	106,450	10,645			45,509		56,154
Shares repurchased (Note 8)			4,000	\$(23,567)			(23,567)
Costs of registering stock and options (Note 8)					(14,666)		(14,666)
Tax benefit related to exercise of stock options (Note 8)					188,000		188,000
Net Income						1,660,757	1,660,757
BALANCE -- JULY 31, 1993	3,370,952	337,095	4,000	(23,567)	12,424,650	2,896,062	15,634,240
Shares issued related to acquisition (Note 11)	200,000	20,000			851,429		871,429
Stock dividends -- 3% December 1993 and June 1994 (Note 8)	212,407	21,240			1,473,677	(1,502,254)	(7,337)
Exercise of stock options and warrants (Note 8)	70,658	7,066			43,000		50,066
Shares repurchased (Note 8)			12,656	(76,283)			(76,283)
Tax benefit related to exercise of stock options (Note 8)					39,857		39,857
Other	2,145	215			(3,689)		(3,474)
Net Income						1,190,009	1,190,009
BALANCE - JULY 30, 1994	3,856,162	385,616	16,656	(99,850)	14,828,924	2,583,817	17,698,507
Stock dividends -- 3% December 1994 and June 1995 (Note 8)	233,446	23,345			1,270,112	(1,299,782)	(6,325)
Exercise of stock options and warrants (Note 8)	39,991	3,999			108,710		112,709
Shares repurchased (Note 8)			38,509	(217,065)			(217,065)
Tax benefit related to exercise of stock options (Note 8)					32,038		32,038
Net Income						1,905,209	1,905,209
BALANCE -- JULY 29, 1995	4,129,599	\$ 412,960	55,165	\$(316,915)	\$16,239,784	\$3,189,244	\$19,525,073

See notes to consolidated financial statements.

**DEL ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Fiscal Year Ended		
	July 29, 1995	July 30, 1994	July 31, 1993
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 1,905,209	\$ 1,190,009	\$ 1,660,757
Adjustments to reconcile net income to net cash provided by (used in) operating activities net of effects from purchase of Bertan & Dynarad			
Imputed interest	68,963		
Depreciation	749,586	684,786	606,389
Amortization	493,257	331,746	298,999
Deferred income tax provision (benefit)	36,452	(135,265)	138,600
<b>Changes in assets and liabilities:</b>			
Increase in trade receivables	(336,396)	(73,085)	(56,784)
Decrease (increase) in cost and estimated earnings in excess of billings on uncompleted contracts	155,454	46,346	(597,647)
Increase in inventory	(1,965,425)	(1,782,521)	(2,430,090)
Increase in prepaid and other current assets	(219,232)	(153,368)	(123,474)
Increase in deferred charges	(1,181,944)		
(Increase) decrease in other assets	(37,097)	(200,862)	54,546
Increase (decrease) in accounts payable - trade	62,514	(70,113)	466,943
Increase (decrease) in accrued liabilities	197,128	(66,833)	(520,348)
Increase in income taxes payable	245,792	30,746	163,517
Net cash provide by (used in) operating activities	1,356,205	(198,414)	(1,520,536)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Net cash paid on acquisition of subsidiaries		(2,784,282)	(196,929)
Payments to former shareholders of subsidiary acquired	(221,208)		
Expenditures for fixed assets	(1,337,509)	(1,694,344)	(1,252,006)
Investment in marketable securities	(152,264)	(395,404)	
Sale of marketable securities	120,000	25,223	
Other current assets		(16,024)	
Net cash used in investing activities	(1,590,981)	(4,864,831)	(1,448,935)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Net proceeds from bank borrowing	432,044	5,175,928	1,049,117
Payment for repurchase of shares	(217,065)	(76,283)	(23,567)
Proceeds from exercise of stock options	112,709	50,066	56,154
Other	(32,520)	(25,827)	(20,330)
Net cash provided by financing activities	295,168	5,123,884	1,061,374

See notes to consolidated financial statements. (Continued)

**DEL ELECTRONICS CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Fiscal Year Ended		
	July 29, 1995	July 30, 1994	July 31, 1993
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 60,392	\$ 60,639	\$(1,908,097)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	445,597	384,958	2,293,055
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 505,989	\$ 445,597	\$ 384,958
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Interest paid	\$ 1,084,332	\$ 474,010	\$ 374,727
Income taxes paid	\$ 355,006	\$ 595,570	\$ 404,838
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
ACQUISITION OF SUBSIDIARIES		\$ 4,816,153	\$ 1,235,329
Deferred tax liability acquired in acquisition		146,902	
Cash acquired in acquisition		6,130	5,400
Common stock issued		871,429	1,000,000
Payment due under non-compete agreement		807,410	
Acquisition costs in accrued liabilities		200,000	33,000
		2,031,871	1,038,400
Cash paid to acquire subsidiaries		\$ 2,784,282	\$ 196,929
TAX BENEFIT RELATED TO EXERCISE OF STOCK OPTIONS	\$ 32,038	\$ 39,857	\$ 188,000

See notes to consolidated financial statements.

(Concluded)



## DEL ELECTRONICS CORP. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FISCAL YEARS ENDED JULY 29, 1995, JULY 30, 1994, JULY 31, 1993

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Description of Business Activities - Del Electronics Corp. ("Del") together with its wholly owned subsidiaries, RFI Corporation ("RFI"), Dynarad Corp. ("Dynarad"), Bertan High Voltage Corp. ("Bertan") and Del Medical Systems Corp. ("Del Medical") (collectively the "Company"), are engaged in two major lines of business. Del, RFI, Bertan and to a lesser extent Dynarad are engaged in the design and manufacture of specialty electronic components for medical, industrial and military applications. Dynarad is also engaged in the design and manufacture of cost-efficient medical imaging systems including high frequency portable X-ray systems and mammography units which are used in the medical diagnostic industry. Del Medical is also engaged in the distribution of cost-effective, medical diagnostic products.
- b. Principles of Consolidation - The consolidated financial statements include the accounts of Del, RFI, Dynarad, Bertan and Del Medical. All material intercompany accounts and transactions have been eliminated. Del purchased all of the common stock of Dynarad on September 1, 1992 and the assets of Bertan on April 1, 1994. Del Medical Systems was formed on June 1, 1994. (Note 11).
- c. Accounting Period - The Company's fiscal year-end is based on a 52/53-week cycle ending on the Saturday nearest to July 31.
- d. Revenue Recognition - The Company recognizes revenues upon shipment of its products except for certain products which have long-term production cycles and high dollar value. Revenues for these products are recognized using the percentage of completion method of accounting in proportion to costs incurred.
- e. Inventory Valuation - Inventory is stated at the lower of cost (first-in, first-out) or market.
- f. Depreciation and Amortization - Depreciation and amortization are computed by the straight-line method at rates adequate to allocate the cost of applicable assets over their expected useful lives, which range from 3 to 40 years.
- g. Research and Development Costs - Research and development costs are charged to expense in the year incurred.
- h. Net Income per Common Share and Common Share Equivalent - Net income per common share and common share equivalent is based on the net income for each year divided by the weighted average number of shares outstanding during such year adjusted for stock dividends. Net income per common share and common share equivalent utilizing the Modified Treasury Stock method in accordance with APB 15, also includes the dilutive effect of shares issuable upon exercise of stock options. For purposes of the calculation, this method increases net income by \$53,997, \$17,256, and \$0, in fiscal 1995, 1994, and 1993, respectively, for primary earnings per share. Net income was increased by \$47,954, \$10,336, and \$0 in 1995, 1994, and 1993, respectively, for purposes of computing fully diluted earnings per share. The number of shares of common stock and common share equivalents used in the calculation were 4,897,374, 4,754,260, and 4,439,513 in fiscal 1995, 1994, and 1993, respectively (Note 8).

i. Income Taxes - Income taxes provided include deferred taxes due to timing differences between financial and tax reporting (Note 9).

The Company adopted Statement of Financial Accounting Standard No. 109 "Accounting for Income Taxes" ("SFAS-109") effective August 1, 1993. The cumulative effect of adopting SFAS No. 109 was to increase net income by \$76,363 in the year ended July 30, 1994. SFAS No. 109 provides for the recognition of deferred tax assets and liabilities for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and for tax credit carryovers.

j. Cash and Cash Equivalents - The Company generally considers short-term instruments with original maturities of three months or less measured from their acquisition date and highly liquid instruments readily convertible to known amounts of cash to be cash equivalents.

k. Investments - During the year ended July 30, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS No. 115"). SFAS No. 115 requires an enterprise to classify debt and equity securities into one of three categories: held-to-maturity, available-for-sale, or trading. Investments classified as available for sale are measured at fair value. The investments classified as available-for-sale are used to fund a deferred compensation plan established for one of the Company's key employees. Gains and losses, either recognized or unrealized, inure to the benefit or detriment of this employee's deferred compensation, based upon a contractual arrangement between the employee and the Company.

l. Goodwill - Cost in excess of the net assets of companies acquired is being amortized on a straight-line basis over twenty-five years. The carrying value of intangible assets is periodically reviewed by the Company and impairments will be recognized when the undiscounted expected future cash flows, computed after interest expense derived from the related operations, is less than their carrying value.

m. Long-Lived Assets - In March 1995, the Financial Accounting Standards Board issued Statement Number 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement is effective for fiscal years beginning after December 15, 1995. The Company does not expect the effect on its consolidated financial condition from the adoption of this statement to be material.

## 2. INVESTMENTS

At July 29, 1995 investments consist principally of corporate debt securities and equity securities classified as available-for-sale.

At July 29, 1995 the fair value of investments classified as available-for-sale based on maturity dates, are as follows:

Fiscal Year	Fair Value
-----	-----
1996	\$ 43,892
1997-2001	310,512
2002-2006	24,130
	-----
	\$378,534
	=====

### 3. PERCENTAGE OF COMPLETION ACCOUNTING

	Year Ended July 29, 1995	Year Ended July 30, 1994
	-----	-----
Costs incurred on uncompleted contracts	\$337,863	\$ 427,392
Estimated earnings	93,184	163,109
	431,047	590,501
Less: Billings to date	35,200	39,200
	-----	-----
Costs and estimated earnings in excess of billings on uncompleted contracts	\$395,847	\$ 551,301
	=====	=====

The backlog of unshipped contracts being accounted for under the percentage of completion method of accounting was \$ 633,753 at July 29, 1995 and \$762,524 at July 30, 1994.

### 4. INVENTORY

Inventory consists of the following:

	July 29, 1995	July 30, 1994
	-----	-----
Finished goods	\$ 4,398,096	\$ 2,825,816
Work-in-process	7,642,588	7,201,564
Raw materials and purchased parts	5,997,674	6,142,965
	-----	-----
	18,038,358	16,170,345
Less progress payments		97,412
	-----	-----
	\$18,038,358	\$16,072,933
	=====	=====

### 5. FIXED ASSETS

Fixed assets consist of the following:

	July 29, 1995	July 30, 1994
	-----	-----
Land	\$ 694,046	\$ 694,046
Buildings	2,146,025	2,146,025
Machinery and equipment	6,624,296	5,475,652
Furniture and fixtures	773,694	707,846
Leasehold improvements	790,226	749,219
Construction in Progress	76,023	
Transportation equipment	10,987	5,000
	-----	-----
	11,115,297	9,777,788
Less accumulated depreciation and amortization	3,362,516	2,612,930
	-----	-----
Net Fixed Assets	\$ 7,752,781	\$ 7,164,858
	=====	=====

## 6. DEBT

Long-term debt is summarized as follows:

	July 29, 1995		July 30, 1994	
	Due Within One Year	Due After One Year	Due Within One Year	Due After One Year
Term note payable -- Bank	\$428,568	\$ 1,607,154	\$ 428,568	\$ 2,035,722
Additional term note payable -- Bank	500,000	2,375,000	500,000	2,875,000
Credit line loan payable - Bank		7,900,000		6,575,000
Other Loan	14,815	20,797		
	----- \$943,383 =====	----- \$11,902,951 =====	----- \$ 928,568 =====	----- \$11,485,722 =====

The Company's credit facility with its lending bank is composed of two term notes and a revolving credit line. The total facility aggregates \$14,910,722 at July 29, 1995. The facilities include the balance of a seven year term note of \$2,035,722 with interest at prime plus 1/2 percent which was eight and three quarter percent at July 29 1995; an additional five year term note of \$3,500,000, with a balance outstanding of \$2,875,000 at July 29, 1995, with interest at a prime plus 3/4 percent, which was used to purchase Bertan; and a revolving credit line of \$10,000,000 with interest at prime, with a letter of credit sub-limit of \$1,000,000. The revolving credit facility is subject to commitment fees of 1/4 percent on the average daily unused portion of the facility, payable quarterly. Borrowings are collateralized by all of the assets of the Company and a \$1,000,000 life insurance policy on the life of the Company's president, up to the limit of the indebtedness. The Credit Agreement also requires the Company to maintain minimum annual net worth and working capital ratios, limits additional indebtedness and the payment of cash dividends and contains other restrictive covenants. Under the most restrictive terms, as of July 29, 1995, \$10,000 is available for cash dividends.

The Company and its lending bank further amended its credit agreement in January 1995, whereby the Company, if it meets certain ratios in six month increments, is able to borrow at rates which are lower than the stated rate in its loan agreement. Based on financial ratios achieved during the six month period ended January 28, 1995, the interest rate on all of the Company's loans was reduced by 1/2 percent. Based on the Company's financial ratios at July 29, 1995 and for the six months then ended, the interest rate for the next six months will again be reduced 1/2 percent.

The weighted average interest rate on the Company's borrowings under its credit facility was 8.84% and 6.21% for the years ended July 29, 1995 and June 30, 1994, respectively.

In order to protect against adverse interest rate fluctuations, the Company entered into two three-year interest rate protection agreements with its bank with a combined cost of approximately \$145,000. The interest protection agreements protect the Company against any fluctuation in interest expense above nine percent at \$5,500,000 of borrowings, and on any fluctuation in interest expense above ten percent on the next \$3,000,000 of borrowings. The second level of protection is reduced on a pro-rata basis as the additional term note is repaid. Both agreements terminate in July 1997.

As of July 29, 1995 the revolving credit line had an outstanding balance of \$7,900,000 and an unused portion of \$1,596,000. Under the letter of credit facility, letters of credit of \$504,000 were outstanding at July 29, 1995.

Long-term debt matures as follows:

Fiscal Year Ending	
-----	
1996 (included in current portion)	\$ 943,383
1997	8,843,499
1998	934,434
1999	1,803,568
2000 and after	321,450
	-----
	\$12,846,334
	=====

## 7. EMPLOYEE BENEFITS

The Company has employee benefit plans for eligible employees. Included in the plans is a profit sharing plan which provides for contributions as determined by the Board of Directors. The contributions can be paid to the plan in cash or common stock of the Company. Expense for the fiscal years ended in 1995, 1994, and 1993 was \$32,500, \$0, and \$15,000, respectively. The plan also incorporates a 401(k) Retirement Plan that is available to substantially all employees, allowing them to defer a portion of their salary. The Company also has a defined benefit plan frozen effective February 1, 1986.

## 8. SHAREHOLDERS' EQUITY

a. Stock Dividends - On May 16, 1995, the Company declared a three percent stock dividend to holders of record on June 7, 1995, payable on June 23, 1995. On November 23, 1994, the Company declared a three percent stock dividend to holders of record on December 8, 1994, payable on December 27, 1994. On May 4, 1994, the Company declared a three percent stock dividend to holders of record on May 18, 1994, payable June 20, 1994. On November 22, 1993, The Company declared a three percent stock dividend to holders of record on December 9, 1993, payable December 23, 1993. On April 19, 1993, the Company declared a three percent stock dividend to holders of record on May 3, 1993. On November 17, 1992 the Company declared a six percent stock dividend to holders of record on December 3, 1992. The effects of these stock dividends have been reflected in the financial statements and notes for all periods presented.

b. Nonqualified Stock Option Plan - The Company has a nonqualified stock option plan under which a total of 2,158,882 options to purchase common stock can be granted. As of July 29, 1995, the Company has granted options to purchase 802,562 shares to the current president, 268,437 shares to former officers, 255,302 shares to current officers and 672,563 shares to various employees and directors. A former officer exercised 16,045 options, and various employees exercised 2,500 options during the fiscal year ended July 29, 1995. Various employees exercised 18,127 options in the fiscal year ended July 30, 1994. The president exercised 115,927 options, former officers exercised 22,562 options, a current officer exercised 3,419 options, and various employees exercised 9,274 options in the fiscal year ending July 31, 1993.

The option price per share is determined by the Board of Directors, but cannot be less than 85 percent of fair market value of a share at the date of grant. All options to date have been granted at the fair market value of the Company's stock at the date of grant. No options can be granted under this plan subsequent to September 25, 1995.

The following stock option information is as of:

Options	July 29, 1995	July 30, 1994	July 31, 1993
-----	-----	-----	-----
Granted and outstanding at beginning of year	1,514,782	1,224,205	1,293,856
Granted	102,738	337,203	84,198
Expired	(86,231)	(28,499)	(2,458)
Exercised	(28,813)	(18,127)	(151,391)
-----	-----	-----	-----
Outstanding at end of year	1,502,476	1,514,782	1,224,205
-----	-----	-----	-----
Exercisable at end of year	1,138,893	1,032,580	881,845
-----	-----	-----	-----
Exercise prices	\$1.02-\$6.51	\$1.02-\$6.51	\$1.02-\$6.51
-----	-----	-----	-----

Under the Company's stock option plan, options are exercisable 25 percent a year, commencing at the end of the first year they are outstanding and expiring fifteen years from the date they are granted.

c. There were warrants, all of which were granted at no less than fair market value, outstanding aggregating 321,574 shares at July 29, 1995. They are as follows:

1. In connection with an underwriting in June 1991, the underwriter was granted warrants to purchase 130,256 shares of common stock at an exercise price of \$5.52.
2. The Company has granted warrants to the seller of selected Filtron assets to purchase 97,691 shares of common stock at an exercise price of \$6.06.
3. In connection with an amendment to a bank financing completed in May 1994, the Company issued warrants to purchase 30,000 shares of common stock at an exercise price of \$7.16. In connection with its incentive pricing amendment with the same bank, the Company reduced the exercise price to \$5.50. At July 29, 1995, the bank held warrants for 31,827 shares at an exercise price of \$5.34.
4. The Company has granted 25,750 warrants to its Corporate Development Consultant. At July 29, 1995, the consultant held warrants for 25,750 shares at an exercise price of \$5.34.
5. The Company has granted 36,050 warrants to an Investment Advisory firm and its key personnel. At July 29, 1995, they held warrants for 36,050 shares at an exercise price of \$5.34.

## 9. INCOME TAXES

Provision for income taxes consists of the following:

	Fiscal Year Ended		
	July 29, 1995	July 30, 1994	July 31, 1993
	-----	-----	-----
Current:			
Federal	\$692,064	\$316,812	\$509,400
State	108,912	83,000	60,000
	-----	-----	-----
	800,976	399,812	569,400
Deferred:			
Federal and state	36,452	(58,287)	138,600
	-----	-----	-----
	\$837,428	\$341,525	\$708,000
	=====	=====	=====

Deferred tax liabilities (assets) are comprised of the following:

	July 29, 1995	July 30, 1994
Depreciation	\$401,880	\$ 213,664
Pension	83,914	77,712
Federal effect of New York State tax credits	77,570	55,145
Difference in basis of fixed assets	110,200	120,595
Revenue recognition	35,289	52,534
Gross deferred tax liabilities	708,853	519,650
Amortization	72,382	(6,704)
Inventory	(153,119)	(122,073)
Bad debt reserve	(45,434)	(50,809)
Deferred compensation	(264,831)	(124,621)
NYS tax credits	(228,146)	(162,190)
Gross deferred tax assets	(619,148)	(466,397)
	\$ 89,705	\$ 53,253
	=====	=====

Deferred tax liabilities and assets are recorded in the consolidated balance sheets as follows:

	July 29, 1995	July 30, 1994
Liabilities:		
Deferred income taxes	\$ 605,806	\$ 393,383
Assets:		
Prepaid expenses and other current assets	(287,956)	(177,940)
Other assets	(228,145)	(162,190)
	\$ 89,705	\$ 53,253
	=====	=====

The New York State tax credits expire at various dates through 2002.

The following is a reconciliation of the statutory Federal and effective income tax rates:

	Fiscal Year Ended		
	July 29, 1995	July 31, 1994	July 31, 1993
	% of Pretax Income	% of Pretax Income	% of Pretax Income
Statutory Federal income tax expense rate	34.0%	34.0%	34.0%
State taxes, less Federal tax effect	1.5	(.4)	2.9
Tax benefit from write-off of inventory for tax purposes	(4.3)	(3.4)	
Permanent differences	2.8	3.9	2.4
Tax benefits on foreign sales corp	(3.3)	(3.3)	
Federal tax credits and other	(4.5)	(6.7)	(6.2)
	30.5%	23.2%	29.7%
	=====	=====	=====

## 10. COMMITMENTS AND CONTINGENCIES

a. The Company entered into an operating lease commencing August 1, 1992 and expiring July 31, 2002 for Del's offices and operating facility in Valhalla, New York. This lease includes escalations for real estate taxes and operating expenses. In September 1992 the Company entered into an operating lease for Dynarad's facility in Deer Park, N.Y. This lease provides escalation for real estate taxes. In May 1994 the Company entered into an operating lease for Bertan's facility in Hicksville, New York. This lease provides for escalation for real estate taxes. In addition, the Company has various auto leases accounted for as operating leases. The future minimum annual lease commitments as of July 29, 1995 are as follows:

Fiscal Year Ended -----	Amount -----
1996	\$1,026,953
1997	982,341
1998	942,923
1999	935,779
2000	935,779
Thereafter	2,590,738
	-----
	\$7,414,513
	=====

Rent expense, including real estate taxes of \$296,142 in 1995,

\$225,025 in 1994, and \$180,504 in 1993 was \$1,111,300 in 1995, \$604,665 in 1994, and \$614,318 in 1993.

b. The Company has an employment agreement with its President through July 2000. The agreement provides for minimum base salary, deferred compensation and bonuses as defined. Under the terms of the agreement with the President, the Company will accrue deferred compensation at a rate of five percent of pretax income with a minimum of \$100,000 and a maximum of \$125,000. Such liability is funded by the Company's investments classified as available-for-sale. Gains and losses, either recognized or unrealized, inure to the benefit or detriment of this employee's deferred compensation, based upon a contractual arrangement between the President and the Company. Bonus will accrue at five percent of pretax income. Also included in the President's agreement are certain benefits in the event of death or disability, as well as certain benefits in the event of a change of control. Upon completion of the term of the agreement, the President may opt for a five year extension in the form of a consulting contract at a rate specified within the agreement.

In connection with the acquisition of Dynarad, the Company has an employment agreement with one Vice President through 1997. The agreement provides for a minimum base salary of \$157,500 per annum (subject to upward adjustment on an annual basis) and certain bonuses if certain income goals of Dynarad specified in the agreement are achieved. Upon the completion of the five year term of the agreement, the Vice President may opt for a five year extension in the form of a consulting contract at a rate specified within the agreement.

In connection with the acquisition of Dynarad, the Company entered into an employment agreement with a key employee which provides for bonuses based on growth of revenues. As of July 30, 1994, the employee has been engaged as a consultant at a rate specified within the agreement.

The Company entered into ten year consulting agreements through 2002 with two of the former shareholders of Dynarad. The agreements call for annual payments of \$28,000 and \$21,000, respectively.

In connection with the acquisition of Bertan, the Company entered into a three year employment agreement with a key employee who is President of Bertan which provides for a minimum base salary of \$140,000 per annum (subject to upward adjustment on an annual basis) and a bonus equal to five percent of pretax income. Upon completion of the three year term of the agreement, the Company may opt for a two year extension of this agreement. Upon completion of the employment phase of the agreement, the Company and the employee have agreed to a ten year non-compete agreement at a minimum annual rate of \$50,000 as adjusted for the greater of five percent per annum or increases in the cost of living. Additionally, the Company has entered into a ten year non-compete agreement with the former Chairman of Bertan at a minimum annual rate of \$50,000 as adjusted for the greater of five percent per annum or increases in the cost of living.



c. The Company is a defendant in several legal actions arising from the normal course of business. Management believes the Company has meritorious defenses to such actions and that the outcomes will not be material to the consolidated financial condition and results of operations.

## 11. ACQUISITIONS

### Bertan

As of April 1, 1994, the Company acquired the net assets and business of Bertan Associates, Inc., which has been consolidated as of that date. The Company paid the selling shareholders \$2,600,000 in cash and 218,545 shares of common stock valued at \$871,429. The Company also entered into an employment and non-compete agreements with one of the former shareholders of Bertan Associates, Inc. and a non-compete agreement with another of the former shareholders. The Company entered into a ten year lease agreement for its operating facility in Hicksville, New York. One of Bertan's officers is a partner in the real estate company that owns this building. The Company believes that the lease between the Company and the partnership was entered into on terms no less favorable than could be obtained from unaffiliated third parties. The lease provides for minimum annual payments of \$383,380, inclusive of real estate taxes.

The acquisition has been accounted for as a purchase and, accordingly, the original purchase price was allocated to assets and liabilities acquired based upon the estimated fair value at the date of acquisition. The transaction resulted in an excess of cost over fair value of net assets acquired of \$2,809,095 which is included in goodwill. Such excess is being amortized over a 25 year period. The charge to income for the year ended July 29, 1995 and for the four months ended July 30, 1994 was \$111,666 and \$37,455, respectively.

Unaudited pro forma financial information for the 12 month periods ended July 30, 1994 and July 31, 1993, as if the Bertan acquisition occurred at the beginning of the respective periods, is as follows:

	Year Ended July 30, 1994	Year Ended July 31, 1993
Net Sales	\$29,834,149 =====	\$30,919,753 =====
Income before provision for income taxes	\$ 1,015,417 =====	\$ 1,587,022 =====
Net Income	\$ 779,525 =====	\$ 1,127,022 =====
Net income per common share and common share equivalents primary and fully diluted	\$ .15 =====	\$ .24 =====

The pro forma financial information presented above is not necessarily indicative of the operating results which would have been achieved had the Company acquired Bertan at the beginning of the respective periods or of results to be achieved in the future.

## 12. MAJOR CUSTOMERS AND EXPORT SALES

In the Specialty Electronic Components segment, no one customer accounts for more than ten percent of the Company's sales. In the Medical Imaging and Diagnostic Products segment one customer, the U.S. Government, accounted for 17 percent, 28 percent and 22 percent of sales in 1995, 1994 and 1993, respectively.

Export sales were 36 percent, 28 percent, and 21 percent of total sales in 1995, 1994 and 1993, respectively. For the years ended July 29, 1995, July 30, 1994, and July 31, 1993, export sales by geographic areas were:

	1995		1994		1993	
	----		----		----	
Europe	\$ 3,892,719	33%	\$2,321,259	34%	\$ 831,466	18%
Far East	3,336,147	28%	741,142	11%	220,490	5%
Middle East	3,256,903	28%	2,356,638	35%	2,472,02	54%
North America	627,777	6%	1,143,215	17%	1,005,529	22%
Other	614,149	5%	191,295	3%	47,765	1%
	-----	---	-----	---	-----	---
Total export sales	\$11,727,695	100%	\$6,753,549	100%	\$4,577,277	100%
	=====	===	=====	===	=====	===

### 13. SEGMENT REPORTING

The following analysis provides segment information for the two industries in which the Company operates (see Note 1):

1995	Specialty Electronic Components	Medical Imaging and Diagnostic Products	Total
----	-----	-----	-----
Net Sales (a)	\$27,026,761	\$ 5,569,551	\$32,596,312
Operating expenses	23,097,275	5,565,258	28,662,533
Operating profit	\$ 3,929,486	\$ 4,293	3,933,779
	=====	=====	=====
Interest expense			1,191,142
Provision for income taxes			837,428
Net income			\$ 1,905,209
			=====
Identifiable assets	\$33,062,025	\$ 5,992,609	\$39,054,634
	=====	=====	=====
Capital expenditures	\$ 1,140,242	\$ 197,267	\$ 1,337,509
	=====	=====	=====
Depreciation and amortization	\$ 965,478	\$ 277,365	\$ 1,242,843
	=====	=====	=====

(a) For the fiscal year ended July 29, 1995, sales of the Specialty Electronic Components segment included sales of approximately \$8,834,000 to customers for medical imaging and diagnostic applications. Aggregate medical sales for fiscal 1995 were approximately \$14,403,000 or 44% of total sales.

1994 ----	Specialty Electronic Components -----	Medical Imaging and Diagnostic Products -----	Total -----
Net Sales	\$19,436,334	\$ 4,890,681	\$24,327,015
Operating expenses	17,654,075	4,640,937	22,295,012
Operating profit	\$ 1,782,259 =====	\$ 249,744 =====	2,032,003
Interest expense			576,832
Provision for income taxes			341,525
FASB-109 tax adjustment			76,363
Net income			----- \$ 1,190,009 =====
Identifiable assets	\$28,833,760 =====	\$ 7,364,613 =====	\$36,198,373 =====
Capital expenditures	\$ 1,626,358 =====	\$ 406,590 =====	\$ 2,032,948 =====
Depreciation and amortization	\$ 813,226 =====	\$ 203,306 =====	\$ 1,016,532 =====
1993 ----	Specialty Electronic Components -----	Medical Imaging and Diagnostic Products -----	Total -----
Net Sales	\$18,134,429	\$ 4,152,886	\$22,287,315
Operating expenses	15,732,200	3,826,209	19,558,409
Operating profit	\$ 2,402,229 =====	\$ 326,677 =====	2,728,906
Interest expense			360,149
Provision for income taxes			708,000
Net income			----- \$ 1,660,757 =====
Identifiable assets	\$23,745,219 =====	\$ 1,223,917 =====	\$24,969,136 =====
Capital expenditures	\$ 1,102,229 =====	\$ 142,167 =====	\$ 1,244,396 =====
Depreciation and amortization	\$ 747,341 =====	\$ 158,047 =====	\$ 905,388 =====

**DEL ELECTRONICS CORP. AND SUBSIDIARIES**

**SUPPLEMENTAL FINANCIAL INFORMATION**

**UNAUDITED SELECTED QUARTERLY FINANCIAL DATA**

	QUARTER			
	First -----	Second -----	Third -----	Fourth -----
YEAR ENDED JULY 29, 1995:				
Net sales	\$6,136,056 =====	\$7,579,366 =====	\$8,945,910 =====	\$9,934,980 =====
Gross profit	\$2,916,851 =====	\$3,298,628 =====	\$3,589,889 =====	\$3,612,945 =====
Net income	\$ 450,615 =====	\$ 505,215 =====	\$ 521,916 =====	\$ 427,463 =====
Primary and fully diluted earnings per share	\$ .09 =====	\$ .11 =====	\$ .11 =====	\$ .09 =====
	First(1) -----	Second -----	Third -----	Fourth(2) -----
YEAR ENDED JULY 30, 1994:				
Net sales	\$5,336,091 =====	\$5,380,435 =====	\$5,592,496 =====	\$8,017,993 =====
Gross profit	\$2,179,485 =====	\$2,193,193 =====	\$2,540,120 =====	\$2,235,136 =====
Net income (loss)	\$ 484,287 =====	\$ 445,612 =====	\$ 503,543 =====	\$ (243,433) =====
Primary and fully diluted earnings (loss) per share	\$ .11 =====	\$ .09 =====	\$ .10 =====	\$ (.05) =====

(1) Includes the cumulative effect of change in the method for accounting for income taxes of \$76,363.

(2) The Company estimates gross profit for interim reporting purposes. The fourth quarter results for the period ended July 30, 1994 were adversely impacted by a decline in gross profit determined as a result of physical inventories taken at year end.

**SIGNATURE**

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

**DEL ELECTRONICS CORP.**  
(Registrant)

By: /s/Michael Taber

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Michael Taber  
Chief Financial Officer,  
Secretary and Principal  
Accounting Officer

Dated: November 28, 1995

**ARTICLE 5**

CIK: 0000027748

NAME: DEL ELECTRONICS CORP.

PERIOD TYPE	Year
FISCAL YEAR END	JUL 29 1995
PERIOD START	JUL 31 1994
PERIOD END	JUL 29 1995
CASH	505,989
SECURITIES	378,534
RECEIVABLES	6,601,284
ALLOWANCES	(144,431)
INVENTORY	18,038,358
CURRENT ASSETS	26,893,544
PP&E	11,115,297
DEPRECIATION	3,362,516
TOTAL ASSETS	39,054,634
CURRENT LIABILITIES	6,245,263
BONDS	0
COMMON	412,960
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	19,112,113
TOTAL LIABILITY AND EQUITY	39,054,634
SALES	32,596,312
TOTAL REVENUES	32,596,312
CGS	19,177,999
TOTAL COSTS	19,177,999
OTHER EXPENSES	0
LOSS PROVISION	256,544
INTEREST EXPENSE	1,191,142
INCOME PRETAX	2,742,637
INCOME TAX	837,428
INCOME CONTINUING	1,905,209
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	1,905,209
EPS PRIMARY	0.40
EPS DILUTED	0.40

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