DGT HOLDINGS CORP.

FORM 10-Q
(Quarterly Report)

Filed 03/22/96 for the Period Ending 02/03/96

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

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

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

For Quarter Ended February 3, 1996

Commission File Number 1-10512

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)

Del Electronics Corp.

(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 X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock - 4,288,758 shares

PART I

Item 1. Financial Statements

Consolidated Balance Sheets - February 3, 1996 and July 29, 1995.

Consolidated Statements of Income for the Three Months and Six Months ended February 3, 1996 and January 28, 1995.

Consolidated Statements of Cash Flows for the Six Months ended February 3, 1996 and January 28, 1995.

Notes to Consolidated Financial Statements

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

ASSETS

	February 3, 1996	July 29, 1995
CURRENT ASSETS		
Cash and cash equivalents	$ 162,052	$ 505,989
Investments available-for-sale	497,790	378,534
Trade receivables	5,725,121	6,456,853
Cost and estimated earnings in excess of billings on uncompleted contracts	404,030	395,847
Inventory	19,908,557	18,038,358
Prepaid expenses and other current assets	1,567,122	1,117,963
Total current assets	28,264,672	26,893,544
FIXED ASSETS - NET	8,175,092	7,752,781
GOODWILL - NET	2,802,018	2,865,408
DEFERRED CHARGES	801,665	876,638
OTHER ASSETS	626,212	666,263
TOTAL	$40,669,659	$39,054,634

LIABILITIES AND SHAREHOLDERS' EQUITY

	February 3, 1996	July 29, 1995
CURRENT LIABILITIES		
Current portion of long-term debt	$ 943,383	$ 943,383
Accounts payable - trade	2,748,117	2,539,615
Accrued liabilities	2,137,886	2,484,435
Income taxes payable	544,598	277,830
Total current liabilities	6,373,984	6,245,263
LONG-TERM LIABILITIES		
Long-term debt (less current portion above)	11,755,397	11,902,951
Other	782,424	775,541
Deferred taxes payable	605,806	605,806
Total liabilities	19,517,611	19,529,561
SHAREHOLDERS' EQUITY		
Common stock, $.10 par value Authorized - 10,000,000 shares Issued and outstanding - February 3, 1996 - 4,346,983 July 29, 1995 - 4,253,486	434,698	412,960
Additional paid-in capital	17,490,139	16,239,784
Retained earnings	3,563,896	3,189,244
	21,488,733	19,841,988
Less common shares in treasury - February 3, 1996 - 58,225, July 29, 1995 - 55,165	336,685	316,915
Total shareholders' equity	21,152,048	19,525,073
TOTAL	$40,669,659	$39,054,634

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
	Feb. 3, 1996	Jan 28, 1995	Feb. 3, 1996	Jan 28, 1995
Net Sales	$ 9,329,438	$ 7,579,366	$16,800,619	$13,715,422
Costs and expenses:				
Cost of sales	5,553,918	4,280,738	9,744,552	7,499,943
Research and development	789,063	688,294	1,431,894	1,209,050
Selling, general & administrative	1,784,151	1,578,032	3,356,117	3,054,806
Interest expense - net	285,984	305,287	595,211	576,293
	8,413,116	6,852,351	15,127,774	12,340,092
Income before provision for income taxes	916,322	727,015	1,672,845	1,375,330
Provision for income taxes:	283,261	221,800	510,218	419,500
Net income	$ 633,061	$ 505,215	$ 1,162,627	$ 955,830
Per share amounts:				
Net income per common share and common share equivalents, primary and fully diluted	$ .12	$ .10	$ .23	$ .19
Weighted average number of common shares outstanding and common share equivalents	5,276,094	4,911,717	5,252,173	5,012,086

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended Feb. 3, 1996	Six Months Ended Jan. 28, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$1,162,627	$ 955,830
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Imputed interest	33,133	18,991
Depreciation	338,919	388,492
Amortization	194,617	202,500
Changes in assets and liabilities:		
Decrease in trade receivables	731,732	946,817
(Increase) decrease in cost and estimated earnings in excess of billings on uncompleted contracts	(8,183)	168,445
Increase in inventory	(1,870,199)	(2,047,079)
Increase in prepaid and other current assets	(503,223)	(196,453)
Decrease (increase) in other assets	37,861	(16,692)
Increase (decrease) in accounts payable - trade	208,502	(686,763)
(Decrease) increase in accrued liabilities	(346,549)	12,804
Increase in income taxes payable	266,768	96,162
Net cash provided by (used in) operating activities	246,005	(156,946)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for fixed assets	(761,231)	(429,508)
(Investment in) sale of marketable securities - net	(119,256)	52,731
Payments to former shareholders of subsidiary acquired	(26,250)	(195,375)
Net cash used in investing activities	(906,737)	(572,152)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net (repayment of) proceeds from bank borrowing	(147,554)	578,105
Payment for repurchase of shares	(19,770)	(122,554)
Proceeds from exercise of stock options & warrants	491,867	62,446
Other	(7,748)	(18,935)
Net cash provided by financing activities	316,795	499,062

(continued)

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	Feb. 3, 1996	Jan. 28, 1995
NET DECREASE IN CASH AND CASH EQUIVALENTS	$(343,937)	$(230,036)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD ...	505,989	445,597
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 162,052	$ 215,561
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ 569,505	$ 432,586
Incomes taxes paid	$ 269,405	$ 98,930

(concluded)

See notes to consolidated financial statements

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

NOTE 1 In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the results of the Company's financial position as of February 3, 1996 and January 28, 1995 and the results of its operations and its cash flows for the six months ended February 3, 1996 and January 28, 1995. The accounting policies followed by the Company are set forth in Note 1 to the Company's consolidated financial statements as of July 29, 1995. The consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements as of July 29, 1995.

NOTE 2 The results of operations for the three and six month periods ended February 3, 1996 are not necessarily indicative of the results to be expected for the full year.

NOTE 3 PERCENTAGE OF COMPLETION ACCOUNTING

	Balance at February 3, 1996
Costs incurred on uncompleted contracts	$344,309
Estimated earnings	94,921
	439,230
Less: Billings to-date	35,200
Costs and estimated earnings in excess of billings on uncompleted contracts	$404,030

The backlog of unshipped contracts being accounted for under the percentage of completion method of accounting was $625,570 at February 3, 1996.

NOTE 4 Inventory is stated at a 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 based on estimated gross margins.

Inventory consists of the following:

	February 3, 1996	July 29, 1995
Finished goods	$ 4,853,706	$ 4,398,096
Work in process	8,434,964	7,642,588
Raw material and purchased parts	6,619,887	5,997,674
Total	$19,908,557	$18,038,358

NOTE 5 FIXED ASSETS

Fixed assets consist of the following:

	February 3, 1996	July 29, 1995
Land	$ 694,046	$ 694,046
Building	2,146,025	2,146,025
Machinery and equipment	7,164,933	6,624,296
Furniture and fixtures	802,924	773,694
Leasehold improvements	795,755	790,226
Construction in progress	210,435	76,023
Transportation equipment	11,425	10,987
	11,825,543	11,115,297
Less accumulated depreciation and amortization	3,650,451	3,362,516
	$ 8,175,092	$ 7,752,781

Construction in progress relates to computer equipment and the computerization of certain of the Company's manufacturing and accounting systems.

NOTE 6 Net income per common share was computed using the modified treasury
stock method. This method was utilized since the number of shares of common stock obtainable upon the assumed exercise of outstanding options and warrants in the aggregate exceeded 20 percent of the number of common shares outstanding at the end of the period. The weighted average number of common shares and common share equivalents for the period and for all periods presented includes the effect of the 3 percent stock dividend declared on November 20, 1995 (see Note 7).

NOTE 7 On November 20, 1995, the Company declared a 3 percent stock dividend to holders of record on December 5, 1995, which was paid on December 21, 1995.

NOTE 8 LONG-TERM DEBT AND ACQUISITION

On March 5, 1996 the Company and its lending bank entered into an Amended and Restated Credit Agreement wherein the bank increased the Company's line of credit to $24,000,000, consisting of a $10,000,000 five-year term loan and a four-year revolving credit line of $14,000,000. Initial borrowings made under this credit line on March 6, 1996 were used to pay off existing term loans, the existing revolving credit loan balance and to fund the acquisition of certain assets of the GENDEX Medical Division ("GENDEX") of Dentsply International Inc. Borrowing under the revolving credit loan is based upon a formula based on 80 percent of eligible accounts receivable and 50 percent of inventory, with a $2,000,000 maximum sublimit for letters of credit. Interest will be computed at prime, or at the Company's option, at a rate tied to the London Interbank Borrowing Rate ("LIBOR").

On March 6, 1996, the Company and its newly-formed wholly-owned subsidiary, GENDEX-DEL Medical Imaging Corp. acquired certain assets, including inventories, fixed assets, intangibles and the use of the GENDEX trade name, of the GENDEX Medical Division of Dentsply International Inc. for $5,700,000 in cash and a subordinated term note of $1,800,000. The subordinated term note bears interest at 7.75 percent, which is payable quarterly, with principal payments beginning three years after closing. The Company assumed the lease for the GENDEX facility in Franklin Park, Illinois and will operate the business under the GENDEX-DEL name. The Company entered into a supply agreement with Dentsply International Inc. for certain components and parts used in the manufacture of medical x-ray equipment and systems of GENDEX.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The Company had a line of credit of $10,000,000 with $8,225,000 outstanding and outstanding balances on two term loans of approximately $1,821,000 and $2,625,000 on February 3, 1996. Borrowing under the line of credit were based on 85 percent of eligible accounts receivable and 50 percent of inventory, with a $1,000,000 maximum sub-limit for letters of credit.

On March 5, 1996, the Company and its lending bank entered into an Amended and Restated Credit Agreement wherein the bank increased the Company's line of credit to $24,000,000, consisting of a five-year $10,000,000 term loan and a four-year revolving line of credit of $14,000,000. Borrowings under the revolving line of credit are based on 80 percent of eligible accounts receivable and 50 percent of inventory, with a $2,000,000 maximum sub-limit for letters of credit. Borrowings under this credit line were used to pay off the existing term loans and the existing revolving credit loan balance. Interest will be computed at prime, or at the Company's option, at a rate tied to LIBOR. Approximately $5,700,000 of this credit line was used to purchase certain assets of the GENDEX Medical Division from Dentsply International Inc., on March 6, 1996. In connection with such purchase, the Company delivered a seven-year $1,800,000 subordinated note to Dentsply with interest at 7.75 percent, payable quarterly. After the acquisition, the Company had outstanding borrowings of $10,000,000 under the term loan and $8,300,000 under the revolving credit loan. The unused and available portion of the line of credit was approximately $3,243,000, after deducting outstanding letters of credit of approximately $652,000.

The Company believes its current financial resources, future operating revenue and existing credit lines will be sufficient to meet its foreseeable working capital requirements.

Working capital was approximately $21,891,000 at February 3, 1996, compared to approximately $20,648,000 at July 29, 1995, an increase of 6.0 percent. The current ratio increased to 4.43 to 1 at February 3, 1996 from 4.31 to 1 at July 29, 1995.

Investments available-for-sale of approximately $498,000 at February 3, 1996 consist primarily of corporate debt securities and equities. These investments are used to fund a deferred compensation plan for a key Company employee.

Trade receivables at February 3, 1996 decreased approximately $732,000 as compared to July 29, 1995 as the result of collections and lower sales levels in the quarter ended February 3, 1996 as compared to the quarter ended July 29, 1995. This is primarily attributable to more workdays in the last quarter of the Company's fiscal year as compared to the second quarter of its fiscal year due to plant shutdowns for the calendar year end holidays.

Unbilled contract revenues were approximately $404,000 at February 3, 1996 as compared to $396,000 at July 29, 1995 due to work performed on contracts which utilize the percentage of completion method of accounting.

Inventory at February 3, 1996 increased approximately $1,870,000 as compared to July 29, 1995. Major new orders received in the six months ended February 3, 1996 resulted in the increase of inventory levels.

Prepaid expenses and other current assets increased approximately $503,000 at February 3, 1996 as compared to July 29, 1995. This increase was primarily attributable to advanced payments for inventory for Del Medical Systems under its exclusive distribution agreement for diagnostic medical image enhancers, worker's compensation insurance policy premiums and costs incurred relating to the acquisition of certain assets of the GENDEX Medical Division of Dentsply International Inc.

Capital expenditures for the six months ended February 3, 1996 were approximately $761,000. These expenditures were primarily for assembly and test equipment for improved manufacturing efficiencies. Depreciation expense was approximately $339,000 for the six months ended February 3, 1996 as compared to approximately $388,000 for the six months ended January 28, 1995, because certain classes of fixed assets have been fully depreciated. There were no material open commitments for capital equipment expenditures at February 3, 1996. The funds for capital expenditure improvements were derived from operations and short-term borrowing.

The Company's long-term debt at February 3, 1996 decreased approximately $148,000 as compared to July 29, 1995. The decrease is due primarily to collections of trade receivables during the period.

RESULTS OF OPERATIONS

Net sales for the three months ended February 3, 1996 were approximately $9,329,000 compared to approximately $7,579,000, an increase of approximately 23.1 percent over the corresponding period in the prior year. Net sales for the six months ended February 3, 1996 were approximately $16,801,000 compared to approximately $13,715,000, an increase of approximately 22.5 percent over the corresponding period in the prior year. These increases were due to higher sales levels of products supplied by the Company to its customers manufacturing end-user medical diagnostic and industrial products.

Cost of sales, as a percentage of net sales for the three months ended February 3, 1996, was 59.5 percent compared to 56.5 percent for the prior corresponding period. Cost of sales, as a percentage of net sales for the six months ended February 3, 1996, was 58.0 percent compared to 54.7 percent for the prior corresponding period. These changes were due to the change in product mix in the periods.

Research and development expenses increased to approximately $789,000 for the three months ended February 3, 1996 from approximately $688,000 for the three months ended January 28, 1995. Research and development expenses increased to approximately $1,432,000 for the six months ended February 3, 1996 from approximately $1,209,000 for the six months ended January 28, 1995. The Company continues to invest in research and development in order to introduce new state-of-the-art products for its medical and industrial markets.

Selling, general and administrative expenses were approximately $1,784,000 in the three months ended February 3, 1996 as compared to approximately $1,578,000 in the same period in the prior year. Selling, general, and administrative expenses increased to approximately $3,356,000 for the six months ended February 3, 1996 from approximately $3,055,000 for the same period in the prior year. These increases were primarily attributable to increased selling expenses, advertising and commissions due to increased sales levels in the respective periods.

Net interest expense was approximately $286,000 for the three months ended February 3, 1996 compared to approximately $305,000 for the corresponding prior period. This decrease was attributable to lower interest rates. Net interest expense was approximately $595,000 for the six months ended February 3, 1996 compared to approximately $576,000 for the corresponding prior period. This increase is due to higher average credit balances outstanding in the six months ended February 3, 1996, partly offset by lower interest rates.

Income tax expense was 30.5 percent of pre-tax income in the six months ended February 3, 1996 and the six months ended January 28, 1995. The decrease from statuatory rates is primarily due to sales being made through the Company's Foreign Sales Corporation, research and development and other tax credits.

Net income increased to approximately $633,000 for the three months ended February 3, 1996, an increase of approximately 25.3 percent from $505,000 for the prior corresponding period. Net income per common share increased to $.12 from $.10 even though the weighted number of common shares outstanding and common share equivalents increased approximately 7.4 percent to 5,276,094 from 4,911,717. Net income increased to approximately $1,163,000 for the six months ended February 3, 1996, an increase of approximately 21.6 percent from approximately $956,000 for the prior corresponding period. For the six months ended February 3, 1996 primary and fully diluted net income per share was $.23 as compared to $.19 for the six months ended January 28, 1995. the number of outstanding shares and common share equivalents increased 4.8 percent from the six month period ended January 28, 1995. The increases in net income for the three and six months are primarily due to higher sales levels to its customers manufacturing end-user medical diagnostic and industrial products.

The backlog of unshipped orders at February 3, 1996 was approximately $21.0 million.

PART II

Item 1. Legal Proceedings - None

Item 2. Changes in Securities - None

Item 3. Defaults on Senior Securities - None

Item 4. Submission to a Vote of Security Holders

At the annual meeting of stockholders of the Company held on February 14, 1996, the stockholders:

(a) Elected the following directors: Natan V. Bertman, Raymond Kaufman, David Michael, Seymour Rubin, James Tiernan, Leonard A. Trugman.

Election of Directors

	For	Withheld
L.A. Trugman	3,698,097	59,332
N.V. Bertman	3,703,838	53,591
R. Kaufman	3,703,246	54,183
D. Michael	3,715,254	42,175
S. Rubin	3,704,382	53,047
J. Tiernan	3,699,274	58,155

(b) Approved the Company's name change to Del Global Technologies Corp.

For	Against	Abstain
3,697,546	43,679	16,204

(c) Approved the proposal to amend the Company's Non-qualified Stock Option Plan to increase by 250,000 the number of shares of common stock reserved for issuance thereunder.

For	Against	Abstain	Broker No Vote
2,089,426	313,647	57,347	1,297,009

Item 5. Other Information

(a) Exhibits:

Exhibit 11 - Computation of Earnings per Common Share Exhibit 27 - Financial Data Schedule

(b) Report on Form 8-K:

As filed with Commission on March 21, 1996.

SIGNATURES

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

DEL GLOBAL TECHNOLOGIES CORP.

/S/LEONARD A. TRUGMAN

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

/S/MICHAEL H. TABER

Michael H. Taber
Vice President Finance and Secretary
Chief Accounting Officer

Dated: March 22, 1996

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

THREE AND SIX MONTHS ENDED FEBRUARY 3, 1996

	Three Months Ended Feb. 3, 1996		Six Months Ended Feb. 3, 1996	
	Primary	Fully Diluted	Primary	Fully Diluted
Reconciliation of net income per statement of income to amount used in earnings per share computation:				
Net Income	$ 633,061	$ 633,061	$1,162,627	$1,162,627
Assumed reduction of - Interest on short-term debt, net of tax effect on application of assumed proceeds from exercise of options subject to limitations under the Modified Treasury Stock method	16,840	0	39,466	22,626
Net income, as adjusted	$ 649,901	$ 633,061	$1,202,093	$1,185,253
Reconciliation of weighted average number of shares outstanding to amount used in earnings per share computation:				
Weighted average number of shares outstanding:	4,266,107	4,266,107	4,231,486	4,231,486
Add - shares issuable from assumed exercise of options subject to limitations under the Modified Treasury Stock method	1,000,202	1,009,987	1,015,794	1,020,687
Weighted average number of shares outstanding as adjusted	5,266,309	5,276,094	5,247,280	5,252,173
Net income per common share	$ .12	$ .12	$ .23	$ .23

The Company utilized the Modified Treasury Stock method for computing net income per common share. Under this method, the funds obtained by the assumed exercise of all options and warrants were applied to repurchase common stock at the average market price but limited to an amount of repurchased shares to not greater than 20 percent of the then outstanding actual common shares. Any assumed funds still available after the repurchase of 20 percent of outstanding actual common shares were assumed to be utilized to reduce the existing short-term debt. The adjustment to net income has been shown net of tax effect.

ARTICLE 5

CIK: 0000027748

NAME: DEL GLOBAL TECHNOLOGIES CORP.

MULTIPLIER: 1

CURRENCY: U.S. DOLLARS

PERIOD TYPE	6 MOS
FISCAL YEAR END	AUG 03 1996
PERIOD START	JUL 30 1995
PERIOD END	FEB 03 1996
EXCHANGE RATE	1.000
CASH	162,052
SECURITIES	497,790
RECEIVABLES	5,884,552
ALLOWANCES	159,431
INVENTORY	19,908,557
CURRENT ASSETS	28,264,672
PP&E	11,825,543
DEPRECIATION	3,650,451
TOTAL ASSETS	40,669,659
CURRENT LIABILITIES	6,373,984
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	434,698
OTHER SE	20,717,350
TOTAL LIABILITY AND EQUITY	40,669,659
SALES	16,800,619
TOTAL REVENUES	16,800,619
CGS	9,744,552
TOTAL COSTS	9,744,552
OTHER EXPENSES	4,788,011
LOSS PROVISION	0
INTEREST EXPENSE	595,211
INCOME PRETAX	1,672,845
INCOME TAX	510,218
INCOME CONTINUING	1,162,627
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	1,162,627
EPS PRIMARY	0.23
EPS DILUTED	0.23

End of Filing