DGT HOLDINGS CORP.

FORM 10-Q
(Quarterly Report)

Filed 12/14/98 for the Period Ending 10/31/98

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	October 31, 1998
Commission File Number	0-3319

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in its charter)

New York	13-1784308
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(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Commerce Park, Valhalla, NY 10595
(Address of principal executive offices)

(Zip Code)

(914) 686-3600
(Registrant's telephone number including area code)

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

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the business on December 8, 1998.

Common Stock - 7,621,214

PART I

Item 1. Financial Statements

Consolidated Balance Sheets - October 31, 1998 and August 1, 1998

Consolidated Statements of Income for the Three Months ended October 31, 1998 and November 1, 1997

Consolidated Statements of Cash Flows for the Three Months ended October 31, 1998 and November 1, 1997

Notes to Consolidated Financial Statements

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

ASSETS

	October 31, 1998	August 1, 1998
CURRENT ASSETS		
Cash and cash equivalents	$ 1,957,560	$ 3,401,697
Investments available-for-sale	986,151	913,125
Trade receivables - net	15,211,469	14,341,744
Cost and estimated earnings in excess of billings on uncompleted contracts	4,214,898	3,306,673
Inventory	31,268,248	29,195,262
Prepaid expenses and other current assets	1,876,092	1,358,847
Total current assets	55,514,418	52,517,348
FIXED ASSETS - Net	13,018,356	12,739,509
INTANGIBLES - Net	898,556	941,443
GOODWILL - Net	4,748,140	4,809,255
DEFERRED CHARGES	355,874	387,044
OTHER ASSETS	968,444	962,028
TOTAL	$75,503,788	$72,356,627

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

	October 31, 1998	August 1, 1998
Current portion of long-term debt	$ 117,706	$ 120,410
Accounts payable - trade	6,574,396	5,403,403
Accrued liabilities	4,085,080	3,938,623
Deferred compensation liability	982,948	913,046
Income taxes	773,330	394,540
Total current liabilities	12,533,460	10,770,022
LONG-TERM LIABILITIES		
LONG-TERM DEBT (less current portion included above)	741,714	240,273
OTHER	459,760	484,366
DEFERRED INCOME TAXES	1,500,292	1,406,162
Total liabilities	15,235,226	12,900,823
SHAREHOLDERS' EQUITY		
Common stock, $.10 par value; Authorized 20,000,000 shares; Issued and outstanding - 8,001,217 shares at October 31, 1998 and 7,988,993 shares at August 1, 1998	800,121	798,898
Additional paid-in capital	49,189,309	49,124,456
Retained earnings	13,789,992	12,360,906
	63,779,422	62,284,260
Less common stock in treasury - 388,846 shares at October 31, 1998 and 299,746 at August 1, 1998	3,510,860	2,828,456
Total shareholders' equity	60,268,562	59,455,804
TOTAL	$75,503,788	$72,356,627

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended	
	October 31, 1998	November 1, 1997
NET SALES	$ 14,809,666	$ 13,480,069
COSTS AND EXPENSES:		
Cost of sales	8,679,168	8,047,545
Research and development	1,431,314	1,235,889
Selling, general and administrative	2,621,162	2,402,399
Interest expense (income) - net	6,881	(54,275)
	12,738,525	11,631,558
INCOME BEFORE PROVISION FOR INCOME TAXES	2,071,141	1,848,511
PROVISION FOR INCOME TAXES	642,054	591,524
NET INCOME	$ 1,429,087	$ 1.256,987
NET INCOME PER COMMON SHARE AND COMMON SHARE EQUIVALENTS:		
BASIC	$ .19	$ .17
DILUTED	$ .18	$ .15
Weighted number of common shares outstanding	7,648,413	7,439,410
Weighted number of common shares outstanding and common share equivalents	8,142,557	8,171,999

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended October 31, 1998	Three Months Ended November 1, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 1,429,087	$ 1,256,987
Adjustments to reconcile net income to net cash provided by operating activities:		
Imputed interest	10,974	16,570
Depreciation	413,419	320,596
Amortization	157,944	132,931
Deferred income tax provision	94,745	62,363
Tax benefit from exercise of stock options and warrants	18,019	159,964
Amortization of stock based compensation	5,508	74,931
Changes in assets and liabilities:		
Increase in trade receivables	(869,725)	(902,327)
Increase in cost and estimated earnings in excess of billings on uncompleted contracts	(908,225)	(415,257)
Increase in inventory	(2,072,986)	(527,840)
Increase in prepaid and other current assets	(539,657)	(69,493)
Increase in other assets	(6,776)	(4,038)
Increase in accounts payable - trade	1,170,993	631,514
Increase (decrease) in accrued liabilities	145,842	(56,819)
Increase in deferred compensation liability	69,902	61,861
Increase (decrease) in income taxes payable	378,790	(20,475)
Net cash (used in) provided by operating activities	(502,146)	721,468
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for fixed assets	(692,266)	(614,333)
Investment in marketable securities	(73,026)	(236,891)
Payments to former shareholders of subsidiary acquired	(29,796)	(24,137)
Net cash used in investing activities	(795,088)	(875,361)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from (repayment of) bank borrowing	498,737	(35,219)
Payment for repurchase of shares	(682,404)	(72,097)
Proceeds from exercise of stock options and warrants	42,548	638,548
Other	(5,784)	(3,213)
Net cash (used in) provided by financing activities	(146,903)	528,019

(Continued)

See notes to consolidated financial statements

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended	
	October 31, 1998	November 1, 1997
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	$(1,444,137)	$ 374,126
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	3,401,697	6,070,608
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,957,560	$ 6,444,734
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest paid	$ 33,724	$ 18,005
Income taxes paid	$ 150,500	$ 389,672

See notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

NOTE 1 In the opinion of the Company's management, the accompanying
unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the results of the Company's financial position as of October 31, 1998 and the results of its operations and its cash flows for the three months ended October 31, 1998 and November 1, 1997.

The accounting policies followed by the Company are set forth in Note 1 to the Company's financial statements as of August 1, 1998.

The consolidated financial statements should be read in conjunction with the notes to the financial statements as of August 1, 1998.

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

NOTE 2 The results of operations for the three month period ended
October 31, 1998 are not necessarily indicative of the results to be expected for the full year.

NOTE 3 INVESTMENTS

Investments available-for-sale at October 31, 1998 and August 1, 1998 include $982,948 and $913,046, respectively, for the Company's President's deferred compensation, pursuant to the terms of his employment contract. At October 31, 1998 and August 1, 1998 $59,960 and $24,841, respectively, were classified as cash and $922,988 and $888,205, respectively, were recorded as investments. The liabilities of $982,948 and $913,046, respectively, are recorded as deferred compensation liability. Gains and losses on the investments held to fund the deferred compensation, either recognized or unrealized, inure to the benefit or detriment of the President's deferred compensation, based upon a contractual arrangement between the President and the Company. At October 31, 1998, the balance of investments available-for-sale of $63,163 are equity securities held by the Company for its own account. Realized and unrealized gains and losses on these securities for the period ended October 31, 1998 were not material and are recorded in the financial statements.

NOTE 4 PERCENTAGE OF COMPLETION ACCOUNTING

	October 31, 1998	August 1, 1998	Three Months Ended October 31, 1998
Costs incurred on uncompleted contracts	$ 8,841,407	$ 6,804,554	$ 2,036,853
Estimated earnings	5,470,390	4,178,103	1,292,287
	14,311,797	10,982,657	3,329,140
Less billings to date	10,096,899	7,675,984	2,420,915
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 4,214,898	$ 3,306,673	$ 908,225

The backlog of unshipped contracts being accounted for under the percentage of completion method of accounting was approximately $4.9 million at October 31, 1998.

NOTE 5 INVENTORY

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

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

Inventory consists of the following:

	October 31, 1998	August 1, 1998
Finished goods	$ 5,192,841	$ 4,848,572
Work-in-process	12,138,693	11,333,936
Raw material and purchased parts	13,936,714	13,012,754
Total	$31,268,248	$29,195,262

NOTE 6 FIXED ASSETS

Fixed assets consist of the following:

	October 31, 1998	August 1, 1998
Land	$ 694,046	$ 694,046
Building	2,146,025	2,146,025
Machinery and equipment	11,862,160	11,370,262
Furniture and fixtures	1,512,569	1,484,310
Leasehold improvements	1,738,065	1,613,883
EDP equipment	1,939,199	1,891,272
Transportation equipment	30,103	30,103
	19,922,167	19,229,901
Less accumulated depreciation and amortization	6,903,811	6,490,392
Net fixed assets	$13,018,356	$12,739,509

NOTE 7 NET INCOME PER COMMON SHARE AND COMMON SHARE EQUIVALENTS

During the year ended August 1, 1998 the Company adopted Statement of Financial Accounting Standard "SFAS" No. 128, "Earnings Per Share." This statement is effective for financial statements issued for periods ending after December 15, 1997. Basic and diluted earnings per share have been restated for the quarter ended November 1, 1997 to reflect the adoption of SFAS No. 128.

NOTE 8 SUBSEQUENT EVENT

In December 1998 the Company acquired certain selected assets of Acoma Medical Imaging Inc. for approximately $1.4 million in cash, including expenses, payable over a three year period. The acquired assets consisted of inventory, fixed assets and technology.

NOTE 9 EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

Reporting Comprehensive Income. In June 1997, the Financial Accounting Standards Board "FASB" issued SFAS No. 130, "Reporting Comprehensive Income." This statement is effective for years beginning after December 15, 1997. Management has evaluated the effect of this statement on its financial reporting from the adoption of this statement and has found that no further disclosures are needed.

Disclosures About Segments of an Enterprise and Related Information. In June 1997, the FASB issued SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information." SFAS No. 131 requires the reporting of profit and loss, specific revenue and expense items and assets for reportable segments. It also requires the reconciliation of total segment revenues, total segment profit and loss, total segment assets and other amounts disclosed for segments, to the corresponding amounts in the general purpose financial statements. This statement is effective for fiscal years commencing after December 15,

1997. The Company has not yet determined what additional disclosures may be required in connection with adopting SFAS No. 131.

Disclosures about Pensions and Other Postretirement Benefits. In February 1998, the FASB issued SFAS No. 132, "Employers Disclosures about Pensions and Other Postretirement Benefits." This statement revises employers' disclosures about pensions and other postretirement benefit plans. SFAS No. 132 is effective for fiscal years beginning after December 15, 1997. Management does not anticipate that this statement will have a significant effect on the Company's consolidated financial statements.

Disclosures about Derivative Instruments and Hedging Activities. In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 is effective for all fiscal years beginning after December 15, 1999. Management does not anticipate that this statement will have any effect on the Company's consolidated financial statements.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management 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.

OVERVIEW

The Company's net sales have increased as a result of both internal growth and acquisitions. The Company has completed four acquisitions in the past five years: Dynarad (a designer and manufacturer of medical imaging systems and critical electronic subsystems) in fiscal 1993; Bertan (a designer and manufacturer of precision high voltage power supplies and instrumentation for medical and industrial applications) in fiscal 1994; Gendex-Del (a manufacturer of medical imaging systems) in fiscal 1996 and X-Ray Technologies, Inc. (a manufacturer of medical imaging systems) in fiscal 1998. The Company's net sales have increased from approximately $24.3 million in fiscal 1994 to approximately $62.3 million in fiscal 1998, a compounded annual growth rate of 26.5%.

During the past five years the Company has grown internally and through acquisitions into a company whose predominant business is serving the medical imaging and diagnostic markets. The Company's net sales attributable to medical imaging products have increased from approximately $9.4 million or 38.7% of total net sales in fiscal 1994 to approximately $35.6 million or 65% of total net sales and approximately $43.9 million or 71% of total net sales in fiscal years 1997 and 1998, respectively.

Management believes that recent cost containment trends in the healthcare industry have created opportunities for its cost-effective medical imaging products in domestic and international markets. Some of these trends are increased demand for lower cost medical equipment, outsourcing of systems and critical electronic subsystems by leading original equipment manufacturers ("OEMs"), increased demand for certain diagnostic procedures and lower cost medical services in the global marketplace.

RESULTS OF OPERATIONS

Net sales for the three months ended October 31, 1998 were approximately $14.8 million as compared to approximately $13.5 million for the three months ended November 1, 1997, an increase of 9.9%. The increase is due to internal growth from existing operations.

Cost of sales, as a percentage of net sales for the three months ended October 31, 1998, was 58.6% compared to 59.7% for the prior corresponding period. This improvement in margins is due to the change in product mix in the period and operating efficiencies.

Research and development expenses increased to approximately $1.4 million for the three months ended October 31, 1998 from approximately $1.2 million for the three months ended November 1, 1997, an increase of 15.8%. The increase was primarily due to new product development. 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 $2.6 million, or 17.7% of net sales, for the three months ended October 31, 1998 as compared to approximately $2.4 million, or 17.8% of net sales, for the same period in the prior year, a decrease of .1%.

Net interest expense was approximately $7,000 for the three months ended October 31, 1998 as compared to interest income of approximately $54,000 for the corresponding period in the prior year. Interest expense resulted because imputed interest and bank commitment fees exceeded net interest income for the quarter.

Income tax expense was 31% of pre-tax income for the three months ended October 31, 1998 and 32% for the three months ended November 1, 1997. The decrease from statutory 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 $1,429,000 for the three months ended October 31, 1998, an increase of 13.7% from approximately $1,257,000 million for the prior corresponding period. Basic earnings per share at October 31, 1998 increased to $.19 from $.17 at November 1, 1997, an increase of 11.8%. Diluted earnings per share increased to $.18 at October 31, 1998 from $.15 at November 1, 1997, an increase of 20%. The number of common shares outstanding increased to 7,648,413 at October 31, 1998 from 7,439,410 at November 1, 1997 and the number of common shares and common share equivalents decreased to 8,142,557 at October 31, 1998 from 8,171,999 at November 1, 1997. The increase in net income for the three month period ended October 31, 1998 is primarily due to higher sales and improved gross margins.

The backlog of unshipped orders at October 31, 1998 was approximately $38.9 million.

LIQUIDITY AND CAPITAL RESOURCES

The Company has funded its operations and acquisitions through a combination of cash flow from operations, bank borrowing and the issuance of the Company's common stock.

Working Capital. At October 31, 1998 and August 1, 1998, the Company's working capital was approximately $43.0 million and $41.7 million, respectively. At such dates the Company had approximately $2.0 million and $3.4 million, respectively, in cash and cash equivalents.

Trade receivables at October 31, 1998 increased approximately $870,000 as compared to August 1, 1998, primarily due to increased sales levels.

Cost and estimated earnings in excess of billings on uncompleted contracts increased to approximately $4.2 million at October 31, 1998 from approximately $3.3 million at August 1, 1998 due to additional work performed in the quarter on long term contracts accounted for under the percentage of completion method of accounting.

Inventory at October 31, 1998 increased approximately $2.1 million as compared to August 1, 1998, primarily because of additional production requirements of a major new OEM contract which increased in the quarter at Gendex-Del Medical Imaging Corp.

Prepaid expenses and other current assets at October 31, 1998 increased approximately $517,000 as compared to August 1, 1998 due to increases in prepaid show expenses and prepaid expenses related to increased acquisition activity.

Trade accounts payable increased approximately $1.2 million at October 31, 1998 from August 1, 1998, primarily because of the increased inventory requirements of a major new OEM contract.

Credit Facility and Borrowing. At October 31, 1998, the Company had a $14.0 million revolving credit line and a $10.0 million acquisition credit line. The available portion of the revolving credit line was approximately $13.3 million, after deducting outstanding letters of credit of approximately $148,000 and $9.5 million was available under its acquisition credit line.

Capital Expenditures. The Company continues to invest in capital equipment, principally for its manufacturing operations, in order to improve its manufacturing capability and capacity. The Company has expended approximately $692,000 for capital equipment for the three month period ended October 31, 1998.

The Company anticipates that cash generated from operations and amounts available under its bank lending facilities will be sufficient to satisfy its current operating cash needs.

Shareholders' Equity. Shareholders' equity increased to approximately $60.3 million at October 31, 1998 from approximately $59.5 million at August 1, 1998, primarily due to the results of operations. Additionally, during the period 12,224 stock options were exercised, with proceeds of $42,449 and 89,100 shares of common stock were repurchased at a cost of $682,404.

Year 2000. The Company has initiated a company-wide program and developed a formal plan to identify, evaluate and implement changes to products, computer systems, applications and infrastructure necessary to achieve a year 2000 date conversion with no effect on customers or disruption to business operations. These actions are necessary to ensure that all systems and business applications will recognize and process the year 2000 and beyond.

The Company uses purchased software programs for a variety of functions, including drafting and design, general accounting and manufacturing applications. Currently, all of the Company's products and software for design and drafting applications are fully compliant. The Company's systems for general accounting and manufacturing have been evaluated and steps to achieve compliance are being implemented and are expected to be fully compliant by July 31, 1999, although there can be no assurance that it will. At this time, the Company believes that it does not have any internal mission critical year 2000 issues that it cannot remedy.

As part of the year 2000 readiness process, significant customers, service providers, vendors and suppliers who are believed to be critical to business operations after January 1, 2000 have been identified and steps are underway in an attempt to reasonably ascertain their stage of readiness. The Company is surveying them primarily through written correspondence. With respect to mission critical third parties the Company intends to create contingency plans to mitigate its exposure to such third parties that are not year 2000 compliant. In the event any mission critical third parties do not achieve full compliance, the Company believes it has sufficient alternative resources upon which to rely. Despite its efforts to ascertain the readiness of its customers, suppliers and service providers, the Company cannot be certain as to the actual year 2000 readiness of these third parties or the impact their non-compliance may have on the Company's future financial position, the results of its operations or its cash flows.

With respect to the Company's internal year 2000 compliance, the Company expects to incur internal staff costs, as well as consulting and other expenses and believes that the total costs to be incurred for all year 2000 compliance related projects will not have a material effect on the Company's future financial position, results of its operations or its cash flows.

The Company expects to achieve full compliance no later than September 30, 1999.

EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

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Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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

None

Item 5. Other Information

(a) At the November 10, 1998 meeting of the Company's Board of Directors, Roger J. Winston was elected a director of the Company until the next Annual Meeting of Shareholders scheduled to be held on February 11, 1999.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: Exhibit 11 - Computation of Earnings per Common Share Exhibit 27 - Financial Data Schedule

(b) Report on Form 8-K: None

SIGNATURES

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

DEL GLOBAL TECHNOLOGIES CORP.

/S/LEONARD A. TRUGMAN

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

/S/MICHAEL H. TABER

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

Dated: December 11, 1998

EXHIBIT 11

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

COMPUTATION OF EARNINGS PER COMMON SHARE

THREE MONTHS ENDED OCTOBER 31, 1998

	Net Income	Shares	Per Share Amount
Basic Earnings Per Share:			
Income available to common shareholders	$1,429,087	7,648,413	$ .19
Effect of Dilutive Securities:			
Warrants		12,473	
Options		481,671	
Diluted Earnings Per Share	$1,429,087	8,142,557	$ .18

ARTICLE 5

CIK: 0000027748

NAME: DEL GLOBAL TECHNOLOGIES CORP.

PERIOD TYPE	3 MOS
FISCAL YEAR END	JUL 31 1999
PERIOD START	AUG 02 1998
PERIOD END	OCT 31 1998
CASH	1,957,560
SECURITIES	986,151
RECEIVABLES	15,370,881
ALLOWANCES	159,412
INVENTORY	31,268,248
CURRENT ASSETS	55,514,418
PP&E	19,922,167
DEPRECIATION	6,903,811
TOTAL ASSETS	75,503,788
CURRENT LIABILITIES	12,533,460
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	800,121
OTHER SE	59,468,441
TOTAL LIABILITY AND EQUITY	75,503,788
SALES	14,809,666
TOTAL REVENUES	14,809,666
CGS	8,679,168
TOTAL COSTS	8,679,168
OTHER EXPENSES	4,052,476
LOSS PROVISION	0
INTEREST EXPENSE	6,881
INCOME PRETAX	2,071,141
INCOME TAX	642,054
INCOME CONTINUING	1,429,087
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	1,429,087
EPS PRIMARY	.19
EPS DILUTED	.18

End of Filing