

# DGT HOLDINGS CORP.

## FORM 8-K (Current report filing)

Filed 10/21/05 for the Period Ending 10/20/05

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

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported) October 20, 2005  
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DEL GLOBAL TECHNOLOGIES CORP.  
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(Exact name of registrant as specified in charter)

NEW YORK

0-3319

13-1784308

-----  
(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

One Commerce Park, Valhalla, NY

10595

-----  
(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code (914) 686-3650  
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(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (SEE General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 20, 2005, Del Global Technologies Corp., a New York corporation (the "Company"), announced its results for the fiscal 2005 fourth quarter and fiscal year 2005. A copy of the press release is furnished as Exhibit 99.01 to this report.

The information furnished pursuant to this Current Report on Form 8-K, including the exhibit hereto, shall not be considered "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of such section, nor shall it be incorporated by reference into future filings by the Company under the Securities Act of 1933, as amended, or under the Securities Act of 1934, as amended, unless the Company expressly sets forth in such future filing that such information is to be considered "filed" or incorporated by reference therein.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

Exhibit No. -----	Exhibits -----
99.01	Press Release dated October 20, 2005.

SIGNATURES

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 hereunto duly authorized.

DEL GLOBAL TECHNOLOGIES CORP.  
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(Registrant)

Date: October 20, 2005

By: /s/ Mark Koch  
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Mark Koch  
Principal Accounting Officer and Treasurer

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.01	Press Release dated October 20, 2005

## FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES ANNOUNCES PROFITABLE FOURTH QUARTER AND  
FISCAL YEAR 2005 FINANCIAL RESULTS

VALHALLA, NY - October 20, 2005 -- DEL GLOBAL TECHNOLOGIES CORP. (DGTC):  
Q4 FY 2005 HIGHLIGHTS VERSUS Q4 FY 2004

- o Sales rise 6.4% to \$20.6 million
- o Operating income doubles to \$1.7 million
- o Net income improves to \$808,000, or \$0.07 per diluted share
- o Shareholders' equity up 18.7% to \$9.2 million

Del Global Technologies Corp. (DGTC) ("Del Global" or "the Company") today announced operating results for its fiscal 2005 fourth quarter and fiscal year ended July 30, 2005, as well as summary balance sheet data (see attached tables). These results are for continuing operations and exclude the results of the Del High Voltage ("DHV") division, which was sold on October 1, 2004. DHV results are treated as discontinued operations.

## FISCAL 2005 FOURTH QUARTER RESULTS

Total net sales for the fourth quarter of fiscal 2005 increased 6.4% to \$20.6 million from \$19.4 million in the same period last year. Operating income for the fourth quarter of fiscal 2005 rose 100% to \$1.7 million from \$841,000 in the same period one year ago. Net income for the fourth quarter of fiscal 2005 improved to \$808,000, or \$0.07 per diluted share, from a net loss of \$2.6 million, or \$0.25 per share, in the fourth quarter of 2004. Results for the fourth quarter of fiscal 2004 included litigation settlement costs of \$453,000 and a loss from discontinued operations of \$2.9 million, or \$0.28 per share, as compared to no such costs or losses in the fourth quarter of fiscal 2005.

Walter F. Schneider, President and Chief Executive Officer of Del Global commented, "We are very pleased with Del Global's return to profitability in the fourth quarter and profitable operations for fiscal 2005. Higher total sales, combined with lower selling, general and administrative expenses ("SG&A"), and an absence of expenses related to reorganization and legal matters, have helped place Del Global on solid financial footing for fiscal 2006."

"Regarding Del Global's financial position," he continued, "the Company's balance sheet at July 31, 2005 reflected working capital of \$10.1 million, of which \$1.5 million consisted of cash and equivalents, and shareholders' equity of \$9.2 million. In August 2005, Del Global entered into an \$8 million credit facility with North Fork Business Capital. The facility is comprised of a three-year, \$6 million revolving line of credit and a three-year, \$2 million term loan. Proceeds were used to retire the Company's existing credit facility and for general working capital purposes. "

Del Global Technologies

Page 2

Sales at the Medical Systems Group during the fourth quarter of fiscal 2005 rose 8.2% to \$17.1 million from \$15.8 million in the same period last year, due to increased sales of digital units. This increase substantially offset a \$100,000 decline in sales at the Power Conversion Group ("RFI") to \$3.5 million.

Consolidated gross margin in the fourth quarter of fiscal 2005 was 28.9% compared to 30.9% in the same period one year ago. An increase in gross margin at RFI, due to decreased material costs as a percent of sales due to improved procurement practices and lower waste levels, was offset by a decline in gross margin at the Medical Systems Group, the result of increased engineering costs related to product certifications.

Consolidated SG&A during the fourth quarter of fiscal 2005 declined to \$3.9 million, or 18.9% of sales, from \$4.3 million, or 22.0% of sales, in last year's fiscal fourth quarter. This decrease was due to lower selling expenses at the

Medical Systems Group, partially offset by a \$492,000 non-cash writeoff of pension balances related to a plan termination.

RFI posted operating income of \$1.4 million in the fourth quarter of fiscal 2005, a 38.7% increase from operating income of \$1.0 million in same period one year ago. This improvement was the result of manufacturing efficiencies as described above. Operating income at the Medical Systems Group improved to \$1.2 million from \$936,000 in the fourth quarter of fiscal 2004, due primarily to lower selling expense as described above.

#### FISCAL 2005 FULL YEAR RESULTS OVERVIEW

Consolidated net sales increased 1.3% to \$84.9 million in fiscal 2005 from \$83.8 million last year. Sales at RFI increased 7.7% to \$14.1 million, while sales at the Medical Systems Group remained stable at \$70.8 million from fiscal 2004. Consolidated gross margins improved to 26.3% for fiscal 2005 from 25.4% in fiscal 2004. Margins at RFI improved from last year, while gross margins declined at the Medical Systems Group due to higher costs affiliated with the increase in digital unit sales in fiscal 2005. Operating income for fiscal 2005 rose to \$3.9 million from \$194,000 in fiscal 2004. Net income for the year was \$392,000, or \$0.03 per diluted share, versus a net loss of \$15.8 million, or \$1.53 per share, in fiscal 2004. Results for fiscal 2004 included litigation settlement costs of \$3.7 million (as compared to \$300,000 in such costs in fiscal 2005), a loss from continuing operations of \$10.7 million, or \$1.04 per share (as compared to income from continuing operations of \$193,000, or \$0.01 per diluted share, in fiscal 2005), and a loss from discontinued operations of \$5.1 million, or \$0.49 per share (as compared to income from discontinued operations of \$199,000, or \$0.02 per diluted share in fiscal 2005).

#### BACKLOG

Consolidated backlog at July 30, 2005 was \$14.6 million versus backlog at July 31, 2004 of approximately \$25.9 million. The backlog in the Power Conversion Group decreased \$1.6 million from levels at beginning of the fiscal year due to a decrease in incoming order rates. Backlog at the Medical Systems Group declined by \$9.6 million due to shipments of approximately \$8.8 million under a large tender order at our international location, as well as a decrease in incoming order rates during the period. Substantially all of the backlog should result in shipments within the next 12 months.

Del Global Technologies  
October 20, 2005

Page 3

#### INVESTOR CONFERENCE CALL

Walter F. Schneider, President and Chief Executive Officer and Mark A. Koch, Principal Accounting Officer, will host a conference call on October 21, 2005 at 11:00 A.M. Eastern Time to discuss this news release. The telephone number to join this conference call is (888) 737-9832 (Domestic) or (706) 679-0770 (International). A taped replay of the call will be available through 5:00 P.M. Eastern Time on October 28, 2005. Please dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and enter the number 9665872 to listen to the replay. In addition, the conference call will be broadcast live over the Internet via the "Presentations and Webcasts" section of Del Global's web site at WWW.DELGLOBAL.COM. To listen to the live call on the Internet, go to the web site at least 15 minutes early to register, download and install any necessary audio software. If you are unable to participate in the live call, the conference call will be archived and can be accessed on Del Global's website for approximately five business days.

#### ABOUT DEL GLOBAL TECHNOLOGIES

Del Global Technologies Corp. is primarily engaged in the design, manufacture and marketing of cost-effective medical imaging and diagnostic systems consisting of stationary and portable x-ray systems, radiographic/fluoroscopic systems, dental imaging systems and proprietary high-voltage power conversion subsystems for medical and other critical industrial applications. Through its

RFI subsidiary, Del Global manufactures electronic filters, high voltage capacitors, pulse modulators, transformers and reactors, and a variety of other products designed for industrial, medical, military and other commercial applications.

Statements about future results made in this release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and the current economic environment. Del Global cautions that these statements are not guarantees of future performance. These statements involve a number of risks and uncertainties that are difficult to predict, including, but not limited to: the ability of Del Global to implement its business plan; retention of management; changing industry and competitive conditions; obtaining anticipated operating efficiencies; securing necessary capital facilities; favorable determinations in various legal matters; market and operating risks from foreign currency exchange exposures; and favorable general economic conditions. Actual results could differ materially from those expressed or implied in the forward-looking statements. Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements are specified in the Company's filings with the Securities and Exchange Commission.

DEL GLOBAL TECHNOLOGIES CORP.	INVESTOR RELATIONS:
Walter F. Schneider, President & Chief Executive Officer	The Equity Group Inc.
Mark Koch, Principal Accounting Officer	Devin Sullivan (212) 836-9608
(914) 686-3650	Maura Gedid (212) 836-9605

Del Global Technologies  
October 20, 2005

Page 4

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	Three Months Ended		Year Ended	
	July 30, 2005	July 31 2004	July 30 2005	July 31 2004
TOTAL NET SALES	\$ 20,613	\$ 19,382	\$ 84,872	\$ 83,827
COST OF SALES	14,654	13,402	62,591	62,512
GROSS MARGIN	5,959	5,980	22,281	21,315
Selling, general and administrative	3,906	4,268	16,452	15,907
R&D Expense	368	418	1,636	1,562
Facilities reorganization	-	-	-	-
Litigation Settlement Costs	-	453	300	3,652
TOTAL OPERATING EXPENSES	4,274	5,139	18,388	21,121
OPERATING INCOME (LOSS)	1,685	841	3,893	194
Interest expense	(372)	(251)	(1,350)	(1,796)
Other gain (loss)	63	22	97	123
INCOME (LOSS) FROM CONTINUING OPERATION BEFORE INCOME TAXES AND MINORITY INTEREST	1,376	612	2,640	(1,479)

INCOME TAX PROVISION	497	212	2,054	8,691
	-----	-----	-----	-----
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	879	400	586	(10,170)
MINORITY INTEREST	71	74	393	559
	-----	-----	-----	-----
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	808	326	193	(10,729)
Discontinued operations	-	(2,897)	199	(5,095)
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NET INCOME (LOSS)	\$ 808	(2,571)	\$ 392	\$(15,824)
	=====	=====	=====	=====
NET INCOME (LOSS) PER COMMON SHARE- BASIC				
Continued operations	\$ 0.08	\$ 0.03	\$ 0.02	\$ (1.04)
	-----	-----	-----	-----
Discontinued operations	\$ -	\$ (0.28)	\$ 0.02	\$ (0.49)
	-----	-----	-----	-----
Basic, net	\$ 0.08	\$ (0.25)	\$ 0.04	\$ (1.53)
	=====	=====	=====	=====
DILUTED				
Continued operations	\$ 0.07	\$ 0.03	\$ 0.01	\$ (1.04)
	-----	-----	-----	-----
Discontinued operations	\$ -	\$ (0.28)	\$ 0.02	\$ (0.49)
	-----	-----	-----	-----
Diluted, net	\$ 0.07	\$ (0.25)	\$ 0.03	\$ (1.53)
	=====	=====	=====	=====
Weighted average number of common shares outstanding:				
Basic	10,613	10,335	10,490	10,334
	=====	=====	=====	=====
Diluted	11,504	10,335	11,465	10,334
	=====	=====	=====	=====

Del Global Technologies  
October 20, 2005

Page 5

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES  
CONSOLIDATED SUMMARY BALANCE SHEETS  
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	July 30, 2005	July 31, 2004
	-----	-----
Current Assets	\$ 31,260	\$ 38,214
Total Assets	\$ 40,776	\$ 49,261
Current Liabilities	\$ 21,141	\$ 30,450

Total Liabilities	\$ 30,278	\$ 40,097
Minority Interest in Subsidiary	\$ 1,273	\$ 1,389
Shareholders' Equity	\$ 9,226	\$ 7,775
Common Shares Outstanding End of Period	10,630	10,335
Book Value Per Share	\$ 0.87	\$ 0.75