

# DGT HOLDINGS CORP.

## FORM 8-K (Current report filing)

Filed 06/20/06 for the Period Ending 06/20/06

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, D.C. 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) June 20, 2006  
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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
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(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

One Commerce Park, Valhalla, NY	10595
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(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 June 20, 2006, Del Global Technologies Corp., a New York corporation (the "Company"), announced its results for the fiscal 2006 third quarter, including summary balance sheet data. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

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.

(a) Financial Statements of Businesses Acquired.  
Not Applicable

(b) Pro Forma Financial Information.  
Not Applicable

(c) Shell Company Transactions.

Not Applicable

(d) Exhibits

Exhibit No.	Exhibits
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99.1	Press Release dated June 20, 2006.
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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: June 20, 2006

By: /s/ Mark A. Koch

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Mark A. Koch  
Principal Accounting Officer and  
Treasurer

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EXHIBIT INDEX

Exhibit No.	Exhibits
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99.1	Press Release dated June 20, 2006.
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[GRAPHIC OMITTED]

FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES ANNOUNCES FISCAL 2006  
THIRD QUARTER RESULTS

VALHALLA, NY - June 20, 2006 -- DEL GLOBAL TECHNOLOGIES CORP. (DGTC) ("Del Global" or "the Company") today announced operating results for its fiscal 2006 third quarter ended April 29, 2006, as well as summary balance sheet data (see attached tables).

## FISCAL 2006 THIRD QUARTER RESULTS

Consolidated net sales for the third quarter of fiscal 2006 rose 10.1% to \$20.8 million from \$18.9 million in the same period last year. Sales at the Medical Systems Group increased 15% to \$17.6 million from \$15.3 million in the same period last year. The period's higher international sales reflected increased exports of medical & dental equipment as compared to the third quarter last year. Offsetting these stronger international results were lower U.S. sales, impacted by the consolidation and subsequent reorganization of two national medical distributors; each distributor was a pre-consolidation customer of Del Global. The Medical Systems Group sales effort is addressing the impact of this consolidation through a variety of measures, including focusing on national buying contracts in the U.S and through increased international marketing efforts. Fiscal 2006 third quarter sales at the Power Conversion Business ("RFI") decreased to \$3.2 million from \$3.5 million in the third quarter of fiscal 2005 due to lower demand from an OEM customer.

Consolidated gross margin was 21.6% in the fiscal 2006 third quarter as compared to 25.4% in same period last year. Gross margin at the Medical Systems Group declined to 19.0% from 22.4% in the prior year period due to a less favorable product mix at both the U.S. and Italian locations. Gross margin at RFI also declined to 36.6% from 38.7% due to the impact of lower sales.

Selling, general and administrative expenses ("SG&A") during the third quarter of fiscal 2006 declined to \$3.3 million, or 15.9% of sales, from \$4.9 million, or 25.8% of sales, in the same period last year. This decline was attributable to reduced legal, accounting and corporate expenses, and RFI's ability to maintain a lower selling cost structure.

Consolidated operating income for the third quarter of fiscal 2006 improved to \$0.85 million from an operating loss of \$0.52 million in the prior year period. The Medical Systems Group posted operating income of \$0.53 million in the third quarter of fiscal 2006 versus \$0.39 million in 2005, while income at RFI remained stable at \$0.71 million compared to the prior year period. The two divisions' operating income contributions were offset by corporate costs of \$0.40 million.

Third quarter fiscal 2006 interest expense increased to \$0.35 million from \$0.30 million in the prior year quarter due to increased borrowings and higher interest rates. Other expense of \$0.21 million in the third quarter of fiscal 2006, consisting of foreign litigation costs, compared to other income of \$46,000 in the same period one year ago.

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June 20, 2006  
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The net loss for the third quarter of fiscal 2006 was \$73,000, or \$0.01 per basic and diluted share, versus a net loss of \$1.0 million or \$0.10 per basic and diluted share, in the same period last year. The net loss for the third quarter of fiscal 2005 included \$1.1 million in professional and legal expenses related to the strategic alternatives program terminated in March 2005.

## BACKLOG

Consolidated backlog at April 29, 2006 was \$24.6 million versus backlog at July 30, 2005 of approximately \$14.6 million. Backlog at the Medical Systems Group increased by \$9.6 million from July 30, 2005 levels, reflecting a \$8.9 million increase at Del Global's international business due to tender orders received during the period, and a \$0.7 million rise in domestic orders. Backlog at RFI increased by \$0.4 million from levels at beginning of the fiscal year, reflecting lower order rates early in the year offset by a larger order from a

customer at the end of the fiscal 2006 third quarter. Substantially all of the backlog should result in shipments within the next 12 months.

#### COMMENTS

Walter F. Schneider, President and Chief Executive Officer of Del Global commented, "We are very pleased with our strong international sales, which offset a softer U.S. market caused by the consolidation of two large distributors. The \$0.7 million increase in U.S. backlog from beginning of year levels reflects Del Global's progress in responding to this disruption by structuring new national buying contracts. The Medical Systems Group's international performance also stands out, as quarterly orders have increased over last year's levels, and backlog grew significantly. We are cautiously optimistic that these results represent progress in the restructuring of the Medical Systems Group. RFI's results continue to yield stable operating income due to cost saving measures. We are gratified by the confidence our customers place in us as evidenced by a recent large order and rising backlog levels."

#### FINANCIAL CONDITION

Del Global's balance sheet at April 29, 2006 reflected working capital of \$8.2 million, shareholders' equity of \$11.8 million and a stated book value of \$1.02 per share. As of April 29, 2006, the Company had approximately \$0.5 million of excess borrowing capacity under its domestic revolving line of credit compared to \$0.5 million at July 30, 2005.

#### INVESTOR CONFERENCE CALL

Walter F. Schneider, President and Chief Executive Officer, and Mark A. Koch, Principal Accounting Officer, will host a conference call on Tuesday, June 20, 2006 at 11:00 AM. Eastern Time to discuss these results. 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 Monday, June 26, 2006. Please dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and enter the number 1853517 to listen to the replay. In addition, the conference call will be broadcast live over the Internet under the "Investor Relations" section of Del Global's web site at WWW.DELGLOBAL.COM; click on "Presentations & Webcasts." 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.

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#### 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.

Chief Executive Officer  
 Mark Koch, Principal Accounting Officer  
 (914) 686-3650

Devin Sullivan (212) 836-9608  
 Maura Gedid (212) 836-9605

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

	Three Months Ended		Nine Months Ended	
	April 29, 2006	April 30, 2005	April 29, 2006	April 30, 2005
Net Sales	\$ 20,804	\$ 18,892	\$ 59,037	\$ 64,259
Cost of Sales	16,302	14,091	45,586	47,937
Gross Margin	4,502	4,801	13,451	16,322
Selling, General and Administrative	3,299	4,874	10,071	12,546
Research and Development	409	446	1,191	1,268
Litigation Settlement Costs	(55)	--	445	300
Total Operating Expenses	3,653	5,320	11,707	14,114
Operating Income (loss)	849	(519)	1,744	2,208
Interest Expense	(349)	(297)	(943)	(978)
Other Income/ (Expense)	(205)	46	(245)	34
Income (Loss) from Continuing Operations Before Income Tax Provision and Minority Interest	295	(770)	556	1,264
Income Tax Provision	368	248	1,064	1,557
Income (Loss) From Continuing Operations Before Minority Interest	(73)	(1,018)	(508)	(293)
Minority Interest	--	13	108	322
Income (Loss) From Continuing Operations Discontinued Operations	(73)	(1,031)	(616)	(615)
Net Income (Loss)	\$ (73)	\$ (1,031)	\$ (616)	\$ (416)
INCOME (LOSS) PER COMMON SHARE- BASIC				
Continuing Operations	\$ (0.01)	\$ (0.10)	\$ (0.06)	\$ (0.06)
Discontinued Operations	--	--	--	0.02
Net Income (Loss) Per Basic Share	\$ (0.01)	\$ (0.10)	\$ (0.06)	\$ (0.04)
Income (Loss) Per Common Share-Diluted				
Continuing Operations	\$ (0.01)	\$ (0.10)	\$ (0.06)	\$ (0.06)
Discontinued Operations	--	--	--	0.02
Net Income (Loss) Per Diluted Share	\$ (0.01)	\$ (0.10)	\$ (0.06)	\$ (0.04)
Weighted Average Number of Common Shares Outstanding (In Thousands):				
Basic	11,635	10,517	11,114	10,449
Diluted	11,635	10,517	11,114	10,449

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

	April 29, 2006	July 30, 2005
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	(unaudited)	(audited)
Current Assets	\$ 33,756	\$ 31,260
Total Assets	\$ 47,968	\$ 40,776
Current Liabilities	\$ 25,528	\$ 21,138
Total Liabilities	\$ 36,139	\$ 30,275
Minority Interest in Subsidiary	\$ ---	\$ 1,273
Shareholders' Equity	\$ 11,829	\$ 9,228
Common Shares Outstanding at the End of the Period	11,635	10,630
Book Value Per Share	\$ 1.02	\$ 0.87