

# DGT HOLDINGS CORP.

## FORM 8-K (Current report filing)

Filed 12/11/06 for the Period Ending 12/11/06

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) December 11, 2006  
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DEL GLOBAL TECHNOLOGIES CORP.

-----  
(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.)

11550 West King Street, Franklin Park, IL

60131

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (847) 288-7000  
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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 December 11, 2006, Del Global Technologies Corp., a New York corporation, (the "Company"), announced its results for the fiscal 2007 first quarter.

A copy of the press release is furnished as Exhibit 99.1 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 liabilities of that 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.

(d) EXHIBITS

Exhibit No. -----	Exhibits -----
99.1	Press Release dated December 11, 2006 (announcing fiscal 2007 first quarter financial results).

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.  
(Registrant)

Date: December 11, 2006

By: /s/ James A. Risher

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James A. Risher  
President and Chief Executive Officer

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Press Release dated December 11, 2006 (announcing 2007 first quarter financial results).



FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES ANNOUNCES  
FISCAL 2007 FIRST QUARTER FINANCIAL RESULTS

Q1 FY 2007 HIGHLIGHTS VERSUS Q1 FY 2006

- o SALES ROSE 18.8% TO \$19.3 MILLION
- o OPERATING INCOME OF \$239,000
- o BACKLOG AT OCTOBER 28, 2006 ROSE 29.5% TO \$29.0 MILLION

FRANKLIN PARK, IL - DECEMBER 11, 2006 -- DEL GLOBAL TECHNOLOGIES CORP. (DGTC) ("Del Global" or "the Company") today announced financial results for its fiscal year 2007 first quarter ended October 28, 2006. Consolidated net sales for the first quarter of fiscal 2007 increased 18.8% to \$19.3 million from \$16.2 million in the first quarter of fiscal 2006. Most of the increase was driven by higher sales at the Medical Systems Group. Fiscal 2007 first quarter sales at the Medical Systems Group rose 30.1% to \$16.6 million from \$12.8 million in the comparable prior year period. Higher international sales at the Medical Systems Group were achieved during the first quarter due to completing shipments as part of large tender orders for Russia and Tunisia, and continued growth of the dental products business. Sales at the Power Conversion Group ("RFI") in the first quarter fiscal 2007 were \$2.7 million, a decrease of \$0.8 million, or 23.1%, from last year's levels due primarily to a customer deciding to manufacture a product internally that was previously manufactured by RFI during the first quarter of fiscal 2007.

Consolidated gross margin was 20.8% for the first quarter of fiscal 2007, compared to 23.0% in the first quarter of fiscal 2006. The decline was caused by an unfavorable product mix. Despite lower sales, margins at RFI were stable at 32.0% versus 32.3% in the prior year's first quarter. Increased material costs as a percent of sales was offset by reduced overhead spending. For the Medical Systems Group, first quarter gross margins of 19.0% declined from 20.5% in the prior year first quarter due to unfavorable product mix, both domestically and internationally.

Selling, general and administrative expenses ("SG&A") for the first quarter of fiscal 2007 declined to 17.3% of sales from 18.5% of sales in the prior year's first quarter. Total operating expenses declined to 19.6% of sales from 23.7% of sales in the same period one year ago, reflecting higher total sales and the absence of litigation settlement costs in the 2007 quarter as compared to \$0.5 million in litigation settlement costs during the first quarter of fiscal 2006.

Operating income for the first quarter of fiscal 2007 was \$0.2 million, a \$0.3 million improvement from an operating loss of \$0.1 million in the first quarter of fiscal 2006. The Medical Systems Group posted a first quarter fiscal 2007 operating profit of \$0.6 million as compared to \$0.3 million in the same period one year ago, while RFI generated operating profit of \$0.3 million as compared to \$0.6 million one year ago. Unallocated corporate costs during the first quarter of fiscal 2007 were \$0.6 million. Fiscal 2006 results included an expense of \$0.5 million related to a litigation settlement.

Interest expense for the first quarter of fiscal 2007 was higher than the prior year's first quarter due to higher interest rates and higher borrowings when compared to the prior year.

The Company has not provided for a U.S. income tax benefit in the first quarter of fiscal 2007. With the exception of tax provisions and adjustments recorded at Villa, Del Global's Italian subsidiary, the Company recorded no adjustments to its current or net deferred tax accounts during the first quarter of fiscal 2007 or fiscal 2006.

Reflecting the above, Del Global recorded a net loss in the first quarter fiscal 2007 of \$0.5 million, or \$0.04 per basic and diluted share on approximately 11.6 million weighted average common shares outstanding ("shares outstanding"), as compared to net loss of \$0.5 million, or \$0.05 per basic and diluted share on approximately 10.6 million shares outstanding, during the first quarter of fiscal 2006.

#### BACKLOG

Consolidated backlog at October 28, 2006 rose 29.5% to approximately \$29.0 million from approximately \$22.4 million at July 29, 2006. Backlog at the Medical Systems Group rose by \$6.8 million from July 29, 2006 levels, reflecting strong bookings during the quarter. This includes an order from the California Prison System for 18 systems, valued at \$2.6 million. This increase more than offset a \$0.2 million decrease in backlog at RFI from levels at beginning of the fiscal year, reflecting lower bookings earlier in the quarter. Substantially all of the backlog should result in shipments within the next 12 months.

#### COMMENTS

James A. Risher, Del Global's President and Chief Executive Officer commented, "We are very pleased with higher sales and improved operating income at the Medical Systems Group. At last week's RSNA 2006 Show in Chicago, the Medical Systems Group displayed several exciting new digital radiographic offerings. We received very positive comments from both our international and domestic dealers and customers. While RFI generated lower sales, gross margin remained stable and this segment of our business remained profitable. We are also pleased that Del Global generated approximately \$2.0 million of cash from operations during the fiscal 2007 first quarter, compared to a use of cash of \$1.5 million in the prior fiscal year period."

#### FINANCIAL CONDITION

Del Global's balance sheet at October 28, 2006 reflected working capital of \$6.3 million, shareholders' equity of \$12.2 million, and a net book value of \$1.05 per share. As of October 28, 2006, Del Global had approximately \$2.6 million of excess borrowing availability under its domestic revolving credit facility compared to \$0.5 million at July 29, 2006. In addition, as of October 28, 2006, Del Global's Villa subsidiary had an aggregate of approximately \$6.9 million of excess borrowing availability under its various short-term credit facilities. Terms of the Italian credit facilities do not permit the use of borrowing availability to directly finance operating activities at Del Global's U.S. subsidiaries.

#### INVESTOR CONFERENCE CALL

Del Global will host a conference call on Monday, December 18, 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 11:59 P.M. Eastern Time on December 25, 2006. Please dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and enter the number 3282565 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](http://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.

ABOUT DEL GLOBAL TECHNOLOGIES

Del Global Technologies Corp. is primarily engaged in the design, manufacture and marketing of high performance diagnostic imaging systems for medical, dental and veterinary applications through the Del Medical Systems Group. Through its U.S. based Del Medical Imaging Corp. and Milan, Italy based Villa Sistemi Medicali S.p.A. subsidiaries the Company offers a broad portfolio of general radiographic, radiographic/fluoroscopic, portable x-ray and digital radiographic systems to the global marketplace. Through its RFI subsidiary, Del Global manufactures proprietary high-voltage power conversion subsystems including 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. The company's web site is WWW.DELGLOBAL.COM.

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.

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Devin Sullivan  
Senior Vice President  
(212) 836-9608

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	Three Months Ended	
	October 28, 2006	October 29, 2005
	-----	-----
Net sales	\$ 19,286	\$ 16,239
Cost of sales	15,275	12,504
	-----	-----
Gross margin	4,011	3,735
	-----	-----
Selling, general and administrative	3,342	2,999
Research development	430	353
Litigation settlement costs	--	500
	-----	-----
Total operating expenses	3,772	3,852
	-----	-----
Operating income	239	(117)
Interest expense	327	210
Other income	(9)	(13)
	-----	-----
Loss from continuing operations before income tax provision and minority interest	(79)	(314)
Income tax provision	408	172
	-----	-----
Loss from continuing operations before minority interest	(487)	(486)
Minority interest	--	(3)
	-----	-----
Net loss	\$ (487)	\$ (483)
	=====	=====
Net loss per basic and diluted share	\$ (0.04)	\$ (0.05)
	=====	=====
Weighted average number of common shares outstanding:		
Basic	11,645,689	10,630,188
	=====	=====
Diluted	11,645,689	10,630,188
	=====	=====

	October 28, 2006	July 29, 2006
	----- (Unaudited) -----	-----
Current Assets	\$35,775	\$34,959
Total Assets	\$49,887	\$49,153
Current Liabilities	\$27,918	\$28,024
Total Liabilities	\$37,639	\$36,339
Shareholders' Equity	\$12,248	\$12,814
Common Shares Outstanding at the End of the Period	11,661	11,636
Book Value Per Share	\$ 1.05	\$ 1.10