

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

Filed 06/06/07 for the Period Ending 06/06/07

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 6, 2007

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

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (847) 288-7000

(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 6, 2007, Del Global Technologies Corp., a New York corporation,

(the "Company"), announced its results for the fiscal 2007 third 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 June 6, 2007 (announcing fiscal 2007 third 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: June 6, 2007

By: /s/ Mark A. Zorko

Mark A. Zorko
Chief Financial Officer

EXHIBIT INDEX

Exhibit No. -----	Description -----
----------------------	----------------------

Press Release dated June 6, 2007 (announcing 2007 third quarter financial results).

DEL
GLObal
Technologies
Corp.

FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES REPORTS FISCAL 2007 THIRD QUARTER FINANCIAL RESULTS

COMPANY TO CONDUCT CONFERENCE CALL ON JUNE 8, 2007

Q3 FY 2007 HIGHLIGHTS

- o Net sales rose 30.4% to \$27.1 Million
- o Operating income up 138.0% to \$2.0 million
- o Net income of \$1.1 million, or \$0.06 per diluted share
- o Consolidated backlog at April 28, 2007 increased to \$39.8 million

FRANKLIN PARK, IL - JUNE 6, 2007 -- DEL GLOBAL TECHNOLOGIES CORP. (OTCBB: DGTC) ("Del Global" or "the Company") today announced financial results for its fiscal 2007 third quarter ended April 28, 2007.

Consolidated net sales for the third quarter of fiscal 2007 increased 30.4% to \$27.1 million from \$20.8 million in the third quarter of fiscal 2006, due primarily to higher sales at the Medical Systems Group. Net sales at the Medical Systems Group rose 31.4% to \$23.2 million from \$17.6 million in the comparable prior year period. Sales were favorably impacted by increased international sales, stronger than expected dental systems sales, and increased sales of higher-priced digital products. Sales at the Power Conversion Group ("RFI") rose 24.5% to \$3.9 million from \$3.2 million in the prior year period.

Consolidated gross margin improved to 22.2% of sales during the third quarter of fiscal 2007 from 21.6% of sales in the third quarter of fiscal 2006, due primarily to the impact of higher sales volume. Gross margin at the Medical Systems Group during the third quarter of fiscal 2007 improved to 19.6% from 19.0% in the prior year's third quarter, due primarily to higher sales volume, partially offset by lower margins associated with increased sales of digital products. While digital products generally have a higher selling price than the non-digital product offerings, they also have a higher cost of sales resulting in lower gross margin percentages. Gross margin at RFI improved to 37.7% in the fiscal 2007 third quarter from 36.6% in the fiscal 2006 third quarter.

Selling, general and administrative expenses ("SG&A") for the third quarter declined to 12.8% of net sales from 15.9% of net sales in the prior year's third quarter, as higher net sales offset a modest increase in expenses on a dollar basis. Higher research and development expense in the third quarter of fiscal 2007 reflected investments associated with developing new digital medical, chiropractic, veterinary and dental equipment. Total operating expenses declined to 14.8% of net sales from 17.6% of net sales in the same period one year ago.

Operating income for the fiscal 2007 third quarter was \$2.0 million, a \$1.2 million increase from the comparable prior year period. Operating income at the Medical Systems Group rose 137.1% to \$1.3 million from \$0.5 million in the third quarter of fiscal 2006. RFI generated operating income of \$0.9 million as compared to \$0.7 million in the same period one year ago, and unallocated corporate expenses of \$0.2 million in the third quarter of fiscal 2007 decreased by \$0.2 million from the same period a year ago.

Net interest expense for the third quarter of fiscal 2007 declined by \$0.1 million due to lower borrowing balances compared to the prior year period, as well as income earned on the net proceeds generated by the previously announced Rights Offering, which was completed on March 12, 2007. Del Global sold approximately 12.0 million shares of its common stock at \$1.05 per share in the Rights Offering, generating total net proceeds of \$12.4 million.

The Company has not provided for a U.S. income tax benefit in the third 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 current and prior year's third quarter.

Del Global reported net income in the third quarter of fiscal 2007 of \$1.1 million, or \$0.06 per diluted share on approximately 17.6 million weighted average common shares outstanding ("shares outstanding"), as compared to a net loss of \$0.1 million, or \$0.01 per diluted share on approximately 11.6 million shares outstanding, in the third quarter of fiscal 2006. The higher number of outstanding shares in the fiscal 2007 third quarter was due primarily to the impact of shares issued in the Rights Offering.

BACKLOG

Consolidated backlog at April 28, 2007 rose 77.7% to \$39.8 million from \$22.4 million at July 29, 2006. Backlog at the Medical Systems Group rose by \$18.5 million from July 29, 2006 levels, reflecting strong international bookings during the nine-month period ended April 28, 2007. RFI's backlog declined by \$1.1 million from the beginning of the fiscal year, due to the shipping of orders affected by procurement delays in the first and second quarters of fiscal 2007. Substantially all of the backlog should result in shipments within the next 12 months.

FINANCIAL CONDITION

Del Global's balance sheet at April 28, 2007 reflected working capital of \$22.7 million, which included \$6.1 million of cash and cash equivalents, shareholders' equity of \$27.8 million, and a net book value of \$1.15 per share. As of April 28, 2007, Del Global had approximately \$5.0 million of excess borrowing availability under its domestic revolving credit facility compared to \$1.0 million at July 29, 2006. As of April 28, 2007, Del Global's Villa subsidiary had an aggregate of approximately \$10.8 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.

On June 1, 2007, the Company entered into an Amended and Restated Loan Agreement with its domestic bank, North Fork Business Capital Corporation. The terms of the Original Loan Agreement were amended to provide for an increase in the revolving credit facility from \$6 million to \$7.5 million and to provide for a line of \$1.5 million to be utilized for the purchase of new equipment, resulting in a total credit facility of \$9 million, plus various changes to financial and other covenants.

COMMENTS

James A. Risher, Del Global's President and Chief Executive Officer commented, "We are very pleased with the progress we are continuing to make in strengthening our operations and enhancing shareholder value. We achieved improvements in sales and profits, increased total backlog, and bolstered our competitive position by making the necessary investments in our products, people, and infrastructure. Sales growth in the Medical Systems Group was particularly strong during the quarter, in part reflecting our success in winning some large domestic and international tenders. While we continue to aggressively pursue these opportunities there are no assurances that we can achieve this same level of success in future quarters. We have also improved Del Global's financial position, as evidenced by positive operating cash flow through the first nine months of fiscal 2007, an increased cash position, and improved debt profile. Recently, we took an important step in increasing the liquidity of Del Global's common stock and elevating the Company's profile in

the investment community with the May 11th listing on the OTC Bulletin Board."

Del Global Technologies Corp.
June 6, 2007

Page 3

RFI

As previously disclosed, on May 24, 2007 RFI was served with a subpoena to testify before a grand jury from the United States District Court, Eastern District of New York to provide items and records from its Bay Shore, New York offices regarding U.S. Department of Defense contracts and a search warrant from the United States District Court, Eastern District of New York was issued and executed with respect to such offices. Del Global believes it is in full compliance with the quality standards its customers require and is fully cooperating with investigators to assist them with their review. RFI is continuing to ship products to the U.S. Government as well as its commercial customers.

INVESTOR CONFERENCE CALL

Del Global will host a conference call on Friday, June 8, 2007 at 11:00 am Eastern Time / 10:00 am Central 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 June 29, 2007. Please dial (800) 642-1687 (Domestic) or (706) 645-9291 (International) and enter the number 3372943 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.

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.

DEL GLOBAL TECHNOLOGIES CORP.:

MEDIA RELATIONS:

James A. Risher
Chief Executive Officer
(847) 288-7065

M. Thomas Boon
VP Global Sales and Marketing
(847) 288-7023

Mark A. Zorko
Chief Financial Officer
(847) 288-7003

THE EQUITY GROUP INC.
Devin Sullivan
Senior Vice President
(212) 836-9608

Del Global Technologies Corp.
June 6, 2007

Page 4

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

	Three Months Ended		Nine Months Ended	
	April 28, 2007	April 29, 2006	April 28, 2007	April 29, 2006
Net Sales	\$ 27,122	\$ 20,804	\$ 73,179	\$ 59,037
Cost of Sales	21,097	16,302	56,408	45,586
Gross Margin	6,025	4,502	16,771	13,451
Selling, General and Administrative	3,465	3,299	10,455	10,071
Research and Development	540	409	1,508	1,191
Litigation Settlement Costs	--	(55)	--	445
Total Operating Expenses	4,005	3,653	11,963	11,707
Operating Income	2,020	849	4,808	1,744
Interest Income	44	--	44	--
Interest Expense	(241)	(349)	(929)	(943)
Other Expense	(34)	(205)	(62)	(245)
Net Income Before Income Tax Provision and Minority Interest	1,789	295	3,861	556
Income Tax Provision	733	368	2,210	1,064
Net Income (Loss) Before Minority Interest	1,056	(73)	1,651	(508)
Minority Interest Expense	--	--	--	108
Net Income (Loss)	\$ 1,056	\$ (73)	\$ 1,651	\$ (616)
Net Income (Loss) Per Basic Share	\$ 0.06	\$ (0.01)	\$ 0.12	\$ (0.06)
Net Income (Loss) Per Diluted Share	\$ 0.06	\$ (0.01)	\$ 0.12	\$ (0.06)

Weighted Average Number of Common Shares

Outstanding:

Basic	17,222	11,635	13,509	11,114
	=====	=====	=====	=====
Diluted	17,577	11,635	13,808	11,114
	=====	=====	=====	=====

Del Global Technologies Corp.
June 6, 2007

Page 5

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

	April 28, 2007	July 29, 2006
	-----	-----
Current Assets	\$49,943	\$34,959
Total Assets	\$64,026	\$49,153
Current Liabilities	\$27,263	\$28,024
Total Liabilities	\$36,271	\$36,339
Shareholders' Equity	\$27,755	\$12,814
Common Shares Outstanding at the End of the Period	\$24,057	\$11,636
Book Value Per Share	\$ 1.15	\$ 1.10