

# DGT HOLDINGS CORP.

## FORM 10-K (Annual Report)

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

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

For the fiscal year ended July 28, 2007

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-3319

DEL GLOBAL TECHNOLOGIES CORP.

(Exact Name of Registrant as Specified in Its Charter)

New York

13-1784308

(State or Other Jurisdiction of  
Incorporation or Organization)

(I.R.S. 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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
NONE	NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.10 Par Value ("Common Stock")

Rights to Purchase Common Stock, par value \$0.10 per share, distributed  
pursuant to Rights Agreement dated January 22, 2007  
(Common Stock Purchase Rights)  
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as  
defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports  
pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item  
405 of Regulation S-K is not contained herein, and will not be contained, to the  
best of registrant's knowledge, in definitive proxy or information statements  
incorporated by reference in Part III of this Form 10-K or any amendment to this  
Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer,  
an accelerated filer, or a non-accelerated filer. See definition of "accelerated  
filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check  
one).

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as  
defined in Exchange Act Rule 12b-2). Yes  No

State the aggregate market value of the voting and non-voting common equity  
held by non-affiliates computed by reference to the price at which the common  
equity was last sold, or the average bid and asked price of such common equity,  
as of the last business day of the registrant's most recently completed second  
fiscal quarter.

The aggregate market value of the registrant's Common Stock held by  
non-affiliates of the Registrant as of January 27, 2007 was \$21,499,215. Solely  
for the purposes of this calculation, shares held by directors and executive  
officers of the Registrant have been excluded. Such exclusion should not be  
deemed a determination or an admission by the Registrant that such individuals  
are, in fact, affiliates of the Registrant

Indicate the number of shares outstanding of each of the registrant's classes  
of common stock, as of the latest practicable date.

As of September 7, 2007, there were 24,130,808 shares of the registrant's  
common stock outstanding.

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PART I

ITEM 1 BUSINESS

Del Global Technologies Corp., a New York corporation, was incorporated in 1954. Unless otherwise specifically indicated, "Del Global", the "Company," "we," "our," "ours," and "us" refers to Del Global Technologies Corp. and its consolidated subsidiaries. We are a leader in developing, manufacturing and marketing medical and dental imaging systems and power conversion subsystems and components worldwide. Our products include stationary and portable medical and dental diagnostic imaging systems and electronic systems and components such as electronic filters, transformers and capacitors.

The Company is headquartered in Franklin Park, IL. The mailing address of our headquarters is 11550 West King Street, Franklin Park, IL. 60131 and our telephone number is 847-288-7000. Our Website is www.delglobal.com. Through the Investor Relations section of our Website, we make our filings with the Securities and Exchange Commission ("SEC") available as soon as practicable after they are electronically filed with the SEC. These include our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

The sale of Del High Voltage Division ("DHV"), which was part of our Power Conversion Group, was consummated on October 1, 2004 as described in Note 3 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report. Accordingly, this business is presented as a discontinued operation in all fiscal years presented and throughout this Form 10-K.

EMPLOYEES

As of July 28, 2007, we had 331 employees. We believe that our employee relations are good. None of our approximately 194 US based employees are represented by a labor union. Employment by functional area as of July 28, 2007 is as follows:

Executive .....	2
Administration and finance .....	31
Manufacturing .....	229
Engineering .....	35
Sales and Marketing .....	34
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Total .....	331
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OPERATING SEGMENTS

The operating businesses that we report as segments consist of the Medical Systems Group and the Power Conversion Group. For fiscal 2007, the Medical Systems Group segment accounted for approximately 87% of our revenues and the Power Conversion Group segment accounted for approximately 13% of our revenues. Our consolidated financial statements include a non-operating segment which covers unallocated corporate costs. For the fiscal year ended July 28, 2007, one of our Medical Systems Group customers accounted for approximately 12% of consolidated revenues and 11% of gross accounts receivable at July 28, 2007. For fiscal years ended July 29, 2006 and July 30, 2005, no individual customer accounted for greater than 10% of total revenue or accounts receivable, nor was either segment dependent upon a single customer or a few customers, the loss of any one or more of which would have a material adverse effect on such segment. For further information concerning our operating segments, see Note 10 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report. Our operating segments and businesses are summarized in the following table:

DIVISION	BRANDS	SUBSIDIARIES	FACILITIES
-----			
MEDICAL SYSTEMS GROUP:			
Medical Imaging.....	Del.Medical, Villa,	Del Medical Imaging Corp	Franklin Park, IL

UNIVERSAL, DynaRad	("Del Medical")	
	Villa Sistemi Medicali	Milan, Italy
	S.p.A. ("Villa")	

POWER CONVERSION GROUP:		
Electronic Systems & Components....	RFI, Filtron, Sprague, RFI Corporation ("RFI")	Bay Shore, NY
	Stanley	

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MEDICAL SYSTEMS GROUP

Our Medical Systems Group designs, manufactures, markets and sells medical and dental diagnostic imaging systems consisting of stationary and portable imaging systems, radiographic/fluoroscopic systems, dental imaging systems and digital radiography systems. Approximately 70% of this segment's revenues are attributed to Villa.

Prior to December 23, 2005, the Company owned 80% of the Villa subsidiary. On December 23, 2005, the Company acquired the remaining 20% of Villa for \$2.6 million plus 904,762 restricted shares of Company common stock which were valued at \$2.9 million. For further information concerning this acquisition, see Note 2 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report.

Medical imaging systems of the types we manufacture use x-ray technology to produce diagnostic images of matter beneath an opaque surface. An imaging system principally consists of a high voltage power supply, an x-ray tube, a patient positioning system, and an image recording system, which is either film or a digital detector. X-rays are generated as a result of high voltage passing through a filament, or cathode in an x-ray tube. The cathode emits energized electrons which collide with a positively charged tungsten anode within the tube. The collision of these energized electrons with the anode emits the x-ray photons or x-rays. The x-ray tube is surrounded by a lead shield which contains an opening and various filters to direct the x-rays towards the patient.

The performance of the x-ray system, including image resolution, is directly linked to the precision performance of the high voltage power supply. The object to be imaged is placed between the x-ray tube and the image recording system. x-rays, which are not reflected by opaque surfaces, pass through the object and expose the film or image recording system. However, if the object is comprised of areas of varying densities or chemical compositions, x-rays will be absorbed in proportion to the density or chemical composition of the matter. As a result, the film will be exposed to a varying degree, thereby producing an image of the density or chemical variation within the object. For example, because bone has a greater density than the surrounding tissue in the body, x-rays can be used to produce an image of a skeleton. x-ray systems are differentiated by a number of key characteristics such as application, image capture technology, image resolution, accuracy, portability, size and cost. The design of an x-ray system requires complex engineering, which determines the performance factors required of the various system components.

This segment designs, manufactures, markets and sells medical and dental diagnostic imaging systems worldwide in the following markets:

MEDICAL SYSTEMS GROUP MARKETS SERVED

Hospitals	Veterinary Clinics
Teaching Institutions	Chiropractic Clinics
Medical Clinics	Dental Offices
Private Practitioners	Military/Government
Orthopedic Facilities	Home Health Care Providers
Imaging Centers	

Our medical imaging systems are sold under the Del Medical, Villa, UNIVERSAL, and DynaRad brand names. The prices of our medical imaging systems range from approximately \$5,000 to \$250,000 per unit, depending on the complexity and flexibility of the system.

The following is a description of our product lines in this segment.

PRODUCTS

GENERAL RADIOGRAPHIC SYSTEMS - For more than 100 years, conventional projection radiography has used film to create x-ray images. Conventional technology requires that x-ray film be exposed and then chemically processed to create a visible image for diagnosis.

General Radiography represents approximately 40%-60% of the Medical Systems Group's revenues depending on the product mix within each period. We produce a broad line of conventional radiographic products used in outpatient facilities, as well as more sophisticated and expensive x-ray systems typically used in hospitals and clinics. For example, our higher-end Advanced Radiography System

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(ARSII) and U-ARC DRT Digital Radiographic Systems are designed to meet the broad requirements of a hospital or teaching university's radiographic room, while our mid-range Del Medical and Villa Medical systems are suited more to the needs of medium sized hospitals, outpatient clinics and private practitioners.

The Moviplan product line manufactured under the Villa brand includes a variety of configurations that fit a wide range of markets, spanning from small private practices to hospitals, with a specific accent on emerging countries. A leading model is the tomographic version, which allows users to take images of multiple sections of the body. This type of system is manufactured by relatively few companies worldwide.

We also have a broad range of products serving medical practitioners, veterinarians and chiropractors through our UNIVERSAL brand product line. These units are designed for durability, are space efficient, rugged and are priced more economically. Our UNIVERSAL medical products include a variety of configurations that can be constructed to best suit the needs of the desired

work environment. Our UNIVERSAL AVchoice and DVChoice veterinary line of products is designed with many of the same attributes as the medical line. Our UNIVERSAL chiropractic line, consisting of our DCchoice, Raymaster and PreciseView product, combine precision alignment and positioning with a versatile Chiropractic imaging systems for both analog and digital applications.

During fiscal 2006, we expanded our product portfolio with the introduction of the Del Medical U-ARC DRT Digital Radiographic System. This system enables radiologists to obtain better patient images within a fraction of the time and with lower overall costs than traditional film-based systems.

We also produce a full product line of high frequency medical x-ray generators which economically provide superior quality x-ray generation, resulting in lower patient dosage, extended tube life and less blurring due to patient motion when compared to single phase generators. We continue to investigate arrangements with generator suppliers on a global basis to further upgrade our medical x-ray generator offerings.

**RADIOGRAPHIC/FLUOROSCOPIC SYSTEMS** - We produce a wide range of radiographic/fluoroscopic, or R/F, systems that are able to perform complex x-ray examinations with contrast liquids for sequential and real time images. The Vision and Viromatic systems are based on the "classical approach" and require the operator to stay in close contact to the equipment and the patient. These systems are often used for diagnostic gastrointestinal procedures to image the progress of a radiopaque solution (typically barium) as it travels through the digestive tract. The Apollo Remote R/F system and Mercury systems are based on the more modern "Remote control" technology and allow the technologist and radiologist to operate the system and perform the entire examination from a separate room, being totally shielded from the x-ray source. The remote controlled system is also the most flexible x-ray imaging unit as it allows skeletal, gastro-intestinal, vascular, urological and gynaecological studies in the same room. Remote controlled systems (Apollo Remote R/F system and Mercury) are also widely used in connection with our digital acquisition system DIVA, to perform digital image acquisition and real time angiographic examinations with a vast choice of image acquisition and post-processing tools. The DIVA system can also be equipped with DICOM functionalities that enable images to be sent to centralized archival units, image reviewing workstations, laser imagers, and in general allow the system to be fully integrated into PACS (Picture Archival and Communication Systems) networks within a hospital. As of today, the Apollo Remote R/F system table, with a DIVA-D digital acquisition system represents the most sophisticated system and technology produced by the Medical Group.

**PORTABLE AND MOBILE MEDICAL X-RAY SYSTEMS** - We sell portable x-ray equipment under our DynaRad brand including the HF-110A and PHANTOM systems, for the military and home health care provider markets. Both of these portable systems utilize high frequency, microprocessor-controlled technology to produce consistent quality x-rays with the added advantages of being smaller, lighter in weight and more cost-effective than stationary x-ray systems.

Larger and more powerful mobile units are also manufactured and distributed under the Villa brand and include the "Visitor" product line with high frequency generators up to 30 kilowatts that are typically used in hospitals to take radiographic images directly at the patient's bed.

**DENTAL SYSTEMS** - We produce a broad range of DC and AC powered intra-oral (commonly known as bite wing) x-ray systems at our Villa facility. In addition, our Rotograph Plus and Strato-2000 systems are utilized to perform panoramic images for dental applications. The most recent addition to the dental product line are Direct Digital versions of Strato 2000 and Rotograph, which capture panoramic images directly in digital format and can be connected to a PC for image reviewing and post-examination processing. The relatively small price differential between digital and analog panoramic units has triggered a very quick shift to digital technology in the marketplace which accounts for approximately 11% of the volume of new units sold over the past two years. The dental products are sold both with our own brand (Villa), as well as private labelled units to selected OEM customers.

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**MAMMOGRAPHY SYSTEMS** - We currently resell the Melody system outside of the US. The Melody unit is manufactured by a European-based manufacturer and sold under the Villa brand. Although we have exclusive use of the "Melody" name, our supplier markets a similar product in several competing markets.

**SURGICAL C-ARMS** - We sell a mobile C-arm unit called "Arcovis 2000" under the Villa brand. The product is manufactured by a European company that also sells similar products to other customers.

#### MARKETING AND DISTRIBUTION

Our medical imaging systems are sold in the US and internationally, principally by a network of over 300 distributors worldwide. Medical imaging system distributors are supported by our regional managers, area managers, marketing managers and technical support groups, who train distributor sales and service personnel and participate in customer calls. Due to the different markets and end use customers for dental as compared to medical imaging systems, dental products are distributed by a separate network of dental dealers who target the dental practitioners market. In addition, we do some private label manufacturing of dental product for certain OEM customers.

Technical support in the selection, use and maintenance of our products is provided to distributors and professionals by customer service representatives. We also maintain telephone hotlines to provide technical assistance to distributors during regular business hours. Additional product and distributor support is provided through participation in medical equipment exhibitions and trade specific advertising.

We typically exhibit our products at annual conferences, including the RSNA Conference in Chicago, the MEDICA Medical Conference in Dusseldorf, Germany, the European College of Radiology (ERC) Conference in Vienna, Austria, and the International Dental Show (IDS) in Cologne, Germany and other venues worldwide. Sales of the Company's products in North America are typically on open account with 30 day terms. Our products are sold worldwide and payment is therefore secured by letter of credit to mitigate any potential credit risk, with longer terms being given to non-US customers as is customary in international business. Our Company also has the capacity to participate in and win large international tenders, which require careful assessment of the commercial aspects, regulatory requirements, production planning and financial exposure. Multi-million tenders have been awarded to our Villa operation in the last two fiscal years in

countries, including Mexico, Lithuania, Romania, Russia and Vietnam.

#### RAW MATERIALS AND PRINCIPAL SUPPLIERS

The Medical Systems Group in most cases uses two or more alternative sources of supply for each of its raw materials, which consist primarily of mechanical subassemblies, electronic components, x-ray tubes and x-ray generators. In certain instances, however, the Medical Systems Group will use a single source of supply when directed by a customer or by need. In order to ensure the consistent quality of the Medical System Group's products, the Company follows strict supplier evaluation and qualification procedures, and where possible, enters into strategic relationships with its suppliers to assure a continuing supply of high quality critical components.

With respect to those items which are purchased from single sources, we believe that comparable items would be available in the event that there was a termination of our existing business relationships with any such supplier. Actual experience could differ materially from this belief as a result of a number of factors, including the time required to locate an alternate source for the material.

The majority of the Medical System Group's raw materials are purchased on open account from vendors pursuant to various individual or blanket purchase orders. Procurement lead times are such that the Company is not required to hold significant amounts of inventory in order to meet customer demand. The Company believes its sources of supply for the Medical Systems Group are adequate to meet its needs.

#### COMPETITION

Based on industry data, we believe our Medical Systems Group is either the number one or number two supplier, measured by market share, to the independent distributors of radiographic equipment in North America. Our Medical Systems Group competes in two major segments of the highly competitive, world-wide conventional radiographic and R/F products marketplace. Our top-tier conventional radiographic products are sold through national, regional and independent distributors. In 2006, the Medical Systems Group extended its access to the US market by entering into relationships with a national Group Purchasing Organization and several smaller multi-hospital networks. The three major

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competitors in this market segment are GE Healthcare Systems, a division of General Electric Company, Siemens Medical Solutions, a division of Siemens AG and Philips Medical Systems, a division of Philips Electronics N.V. They compete with us on customer support, features and breadth of product offerings. These larger competitors primarily sell directly to large hospitals and teaching institutions and sell a broader range of products designed to outfit a hospital's entire imaging requirements. In Europe, Africa, the Middle East and the Far East, competition is also represented by other mid-tier European companies, as well as local manufacturers who mainly address the middle and low market tier.

Our lower-tier conventional radiographic products principally compete with several small companies based primarily in the US and Europe. In some price-driven markets, we also find competition from Korean and Chinese products. Most of these companies sell through independent distributors and compete with us primarily on price, quality and performance. We believe that we can be differentiated from our competitors based on our combination of price, quality and performance, together with the strength and breadth of our independent distribution network, and the growth of our product portfolio.

The markets for our products are highly competitive and subject to technological change and evolving industry requirements and standards. Cost containment and pricing is also a critical driving factor, given the threat that is being posed by the aggressive policies of Korean and Chinese manufacturers attempting to capture market shares out of their boundaries. Price erosion is not only a factor in the low-end tier, but also at top level, where all companies, including the large multinationals such as GE, Philips and Siemens are driving down their prices. We believe that these trends will continue into the foreseeable future. Some of our current and potential competitors have substantially greater financial, marketing and other resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and changes in customer requirements, or to devote greater resources to the promotion and sale of their products than we can. Competition could increase if new companies enter the market or if existing competitors expand their product lines or intensify efforts within existing product lines. Although we believe that our products are more cost-effective than those of our primary competitors, certain competing products may have other advantages which may limit our market. There can be no assurance that continuing improvements in current or new competing products will not make them technically equivalent or superior to our products in addition to providing cost or other advantages. There can be no assurance that our current products, products under development or ability to introduce new products will enable us to compete effectively.

#### PRODUCT DEVELOPMENT

It is generally accepted that digital radiography will continue to become the dominant technology used in hospitals and imaging clinics throughout the world over the next 10 to 15 years. Currently, there are a number of competing technologies available in connection with the digitization of x-ray images. In addition, there are substantial hurdles which need to be addressed in terms of transitioning radiology practices from the current analog environment to a digital environment. These ancillary issues include image storage and retrieval and record keeping. However, due to the high cost of this technology, many institutions have not yet adopted digital technology. In addition, there is uncertainty as to which technology will be accepted as the industry-standard for image capture, and communication and storage of digital image information.

For the medical imaging market, we currently have two digital radiographic solutions and are committed to expanding our selection to include a wider range of low-cost offerings for customers. While many of our competitors have invested heavily into developing a digital detector, we have chosen to align with technology leaders who have already made digital investments and could benefit from our x-ray platform design, our systems integration capabilities and our worldwide dealer network. This strategy also accelerates our time-to-market with new digital solutions and avoids the significant development costs being incurred by our competitors.

Consequently, our current research and development spending is focused on both enhancing our existing conventional radiographic products and continuing to enhance our digital radiographic solutions and explore partnerships with strategic vendors in the digital marketplace. The introduction of digital imaging is growing much faster in dental application where the cost difference between traditional and digital does not represent a significant barrier. In order to more fully participate in the digital dental market, Villa has initiated a strategic partnership with a French company, Owand S.A.S., that provides the digital solutions for dental panoramic units and Villa is offering a full line of digital panoramic units.

Spending for research and development for our Medical Systems Group was approximately \$2.0 million for fiscal year 2007 and \$1.6 million during each of fiscal years 2006 and 2005.

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#### TRADEMARKS AND PATENTS

The majority of the Medical System Group's products are based on technology that is not protected by patent or other rights. Within the Medical System Group, certain of our products and brand names are protected by trademarks, both in the US and internationally. Because we do not have patent rights in our products, our technology may not preclude or inhibit competitors from producing products that have identical performance as our products. Our future success is dependent primarily on the technological expertise and management abilities of our employees and the strength of our relationship with our worldwide dealer network.

#### GOVERNMENT REGULATION

Our medical imaging systems are medical devices and, therefore, are subject to regulation by the US Food and Drug Administration (the "FDA") and to regulation by foreign governmental authorities. We also are subject to various state and local regulations. Regulatory requirements include registration as a manufacturer, compliance with established manufacturing practices, procedures and quality standards, strict requirements dealing with the safety, effectiveness and other properties of the products, conformance with applicable industry standards, product traceability, adverse event reporting, distribution, record keeping, reporting, compliance with advertising and packaging standards, labeling, and radiation emitting qualities of these products. Failure to comply can result in, among other things, the imposition of fines, criminal prosecution, recall and seizure of products, injunctions restricting or precluding production or distribution, the denial of new product approvals and the withdrawal of existing product approvals.

#### FDA'S PREMARKET CLEARANCE AND APPROVAL REQUIREMENTS

In the US, medical devices are classified into three different categories over which the FDA applies increasing levels of regulation: Class I, Class II, and Class III. Del Medical manufactures several Class I and Class II devices. Before a new Class II device can be introduced into the US market, the manufacturer must obtain FDA clearance or approval through either premarket notification under Section 510(k) of the Federal Food, Drug, and Cosmetic Act, or a premarket approval under Section 515 of that Act, unless the product is otherwise exempt from the requirements.

A Section 510(k) premarket notification must contain information supporting the claim of substantial equivalence, which may include laboratory results and product comparisons to existing devices. Following submission of a 510(k) application, a manufacturer may not market the device until the FDA finds the product is substantially equivalent for a specific or general intended use. FDA 510(k) clearance generally takes 90 days and may take longer if FDA requests additional information. There is no assurance the FDA will ultimately grant a clearance. The FDA may determine that a device is not substantially equivalent and may require submission and approval of a premarket approval application, or require further information before it is able to make a determination regarding substantial equivalence.

After a device receives 510(k) clearance, any modification made to the device requires the manufacturer to determine whether the modification could significantly affect its safety or effectiveness. If it does not, the manufacturer's decision must be documented. If the modification could significantly affect the device's safety and effectiveness, then the modification requires at least a new 510(k) clearance or, in some instances, could require a premarket approval. The FDA requires each manufacturer to make this determination, but the FDA can review any manufacturer's decision. If the FDA disagrees with a manufacturer's decision, the agency may retroactively require the manufacturer to seek 510(k) clearance or premarket approval. The FDA also can require the manufacturer to cease marketing the modified device or recall the modified device (or both) until 510(k) clearance or premarket approval is obtained. We have made minor modifications to our products and, using the guidelines established by the FDA, have determined that these modifications do not require us to file new 510(k) submissions. If the FDA disagrees with our determinations, we may not be able to sell one or more of our products until the FDA have cleared new 510(k) submissions for these modifications.

All of our products marketed in the US have met the appropriate FDA requirements for marketing, either because they were exempt from submission or through 510(k) clearance. We continuously evaluate our products for any required new submission for changes or modifications.

#### PERVASIVE AND CONTINUING FDA REGULATION

Numerous FDA regulatory requirements apply to our products as well as to components manufactured by some of our suppliers. These requirements include:

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- The FDA's quality system regulation which requires manufacturers to create, implement and follow numerous design, testing, control, documentation and other quality procedures; and
- Medical device reporting regulations, which require that manufacturers report to the FDA certain types of adverse and other events involving their products.

Class II devices may also be subject to special controls, such as performance standards, post-market surveillance, patient registries and FDA guidelines that may not apply to Class I devices. Our products are currently subject to FDA guidelines for 510(k) cleared devices and are not subject to any other form of special controls. We believe we are in compliance with the applicable FDA guidelines, but we could be required to change our compliance activities or be subject to other special controls if the FDA changes its existing regulations or adopts new requirements.

We and some of our suppliers are subject to inspection and market surveillance by the FDA to determine compliance with regulatory requirements. If the FDA finds that either we or a supplier have failed to adequately comply, the agency can institute a wide variety of enforcement actions, ranging from a public warning letter to more severe sanctions such as: fines, injunctions and civil penalties; recall or seizure of our products; the imposition of operating restrictions, partial suspension or total shutdown of production; the refusal of our requests for 510(k) clearance or premarket approval of new products; the withdrawal of 510(k) clearance or premarket approval already granted; and criminal prosecution.

The FDA also has the authority to require repair, replacement or refund of the cost of any medical device manufactured or distributed by us. Our failure to comply with applicable requirements could lead to an enforcement action that may have an adverse effect on our financial condition and results of operations.

#### OTHER FEDERAL AND STATE REGULATIONS

As a participant in the health care industry, we are subject to extensive and frequently changing regulation under many other laws administered by governmental entities at the federal, state and local levels, some of which are, and others of which may be, applicable to our business. For example, our Del Medical Imaging facility is also licensed as a medical product manufacturing site by the state of Illinois and is subject to periodic state regulatory inspections. Our health care service provider customers are also subject to a wide variety of laws and regulations that could affect the nature and scope of their relationships with us.

#### FOREIGN GOVERNMENT REGULATION

Our products are also regulated outside the US as medical devices by foreign governmental agencies, similar to the FDA, and are subject to regulatory requirements, similar to the FDA's, in the countries in which we plan to sell our products. We work with our foreign distributors to obtain the foreign regulatory approvals necessary to market our products outside of the US. In certain foreign markets, it is necessary to obtain ISO 9001 certification, which is analogous to compliance with the FDA's Good Manufacturing Practices requirements. It is also necessary to obtain ISO 13485 certification, which specifies requirements for a quality system to be used for design and development, production, installation and servicing of medical devices. We have obtained ISO 9001 certification and ISO 13485 certification, for both of our medical systems manufacturing facilities. In many European Community and other international locations it is necessary or desirable to have a "CE" (Communities of Europe) mark on our products. This involves substantial testing by a third party such as Underwriters Laboratories or Electronics Testing Laboratories and for some devices, a certificate from a notified body declaring conformance to applicable directives and regulations. We have completed the necessary third party testing at both manufacturing locations, maintain the necessary certifications and are qualified to place the CE mark on all products intended for sale in such countries. The time and cost required obtaining market authorization from other countries and the requirements for licensing a product in another country may differ significantly from FDA requirements.

No assurance can be given that the FDA or foreign regulatory agencies will give the requisite approvals or clearances for any of our medical imaging systems and other products under development on a timely basis, if at all. Moreover, after clearance is given, both in the case of our existing products and any future products, these agencies can later withdraw the clearance or require us to change the system or our manufacturing process or labeling, to supply additional proof of its safety and effectiveness, or to withdraw, recall, repair, replace or refund the cost of the medical system, if it is shown to be hazardous or defective.

#### POWER CONVERSION GROUP

Our Power Conversion Group designs, manufactures, markets and sells high voltage precision components and sub-assemblies and electronic noise suppression components for a variety of applications. These products are utilized by original equipment manufacturers ("OEMs") who build systems that are used in a

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broad range of markets. Our products are sold under the following industry brands: RFI, Filtron, Sprague and Stanley. This segment is comprised of Electronic Systems and Components.

This segment designs and manufactures key electronic components such as transformers, noise suppression filters and high voltage capacitors for use in precision regulated high voltage applications. Noise suppression filters and components are used to help isolate and reduce the electromagnetic interference (commonly referred to as "noise") among the different components in a system sharing the same power source. Examples of systems that use our noise suppression products include aviation electronics, mobile and land-based telecommunication systems and missile guidance systems.

The Power Conversion Group provides subsystems and components which are used in the manufacture of medical electronics, military and industrial applications as follows:

#### POWER CONVERSION GROUP MARKETS SERVED

MILITARY	INDUSTRIAL
Guidance & Weapons Systems	Induction Heating
Communications	Automotive
	Capital Equipment
COMMERCIAL	MEDICAL
Power Systems	

Telecommunications  
Satellite  
Meteorological

Radiation Oncology  
Magnetic Resonance Imaging ("MRI")

## PRODUCTS

**MILITARY APPLICATIONS** - Through our relationships with many of the federal government's top defense suppliers, such as Raytheon, Boeing, Lockheed Martin and Northrop Grumman, we supply electronic components for various classified and unclassified programs including radar systems, guidance systems, weapons systems and communication electronics. On May 24, 2007, the Company's RFI subsidiary was served with a subpoena to testify before a grand jury of the United States District Court, Eastern District of New York to provide items and records from its Bay Shore, NY offices in connection with U.S. DOD contracts. A search warrant from the United States District Court, Eastern District of New York was issued and executed with respect to such offices. The Company believes that it is in full compliance with the quality standards that its customers require and is fully cooperating with investigators to assist them with their review. The Company's RFI subsidiary is continuing to ship products to the U.S. Government as well as to its commercial customers.

**INDUSTRIAL APPLICATIONS** - Our high voltage power components and EMI filters are used in many leading-edge high technology scientific and industrial applications by OEMs, universities and private research laboratories. Some industrial applications using high voltage subsystems include DNA sequencing, molecular analysis, printed circuit board inspection, structural inspection, food and mail sterilization and semiconductor capital equipment.

## MARKETING, SALES AND DISTRIBUTION

We market our Power Conversion Group products through in-house sales personnel, independent sales representatives in the US, and international agents in Europe, Asia, the Middle East, Canada and Australia. Our sales representatives are compensated primarily on a commission basis and the international agents are compensated either on a commission basis or act as independent distributors. Our marketing efforts emphasize our ability to custom engineer products to optimal performance specifications. We emphasize team selling where our sales representatives, engineers and management personnel all work together to market our products. We also market our products through catalogs and trade journals and participation in industry shows. Sales of the Company's products are typically on open account with 30 day terms. New accounts are established with cash on delivery or cash in advance terms.

## RAW MATERIALS AND PRINCIPAL SUPPLIERS

The Power Conversion Group in most cases uses two or more alternative sources of supply for each of its raw materials, which consist primarily of electronic

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components and subassemblies, metal enclosures for its products and certain other materials. In certain instances, however, the Power Conversion Group will use a single source of supply when directed by a customer or by need. In order to ensure the consistent quality of the Power Conversion Group's products, the Company performs certain supplier evaluation and qualification procedures, and where possible, enters into strategic partnerships with its suppliers to assure a continuing supply of high quality critical components.

With respect to those items which are purchased from single sources, we believe that comparable items would be available in the event that there was a termination of our existing business relationships with any such supplier. Actual experience could differ materially from this belief as a result of a number of factors, including the time required to locate an alternate source for the material.

The majority of the Power Conversion Group's raw materials are purchased on open account from vendors pursuant to various individual or blanket purchase orders. Procurement lead times are such that the Company is not required to hold significant amounts of inventory in order to meet customer demand. The Company believes its sources of supply for the Power Conversion Group are adequate to meet its needs.

## COMPETITION

Our Power Conversion Group competes with several small, privately owned suppliers of electronic systems and components. From our perspective, competition is primarily based on each company's design, service and technical capabilities, and secondarily on price. Excluding the OEMs that manufacture their own components, based on market intelligence we have gathered, we believe that we are among the top two or three in market share in supplying these products.

The markets for our products are subject to limited technological changes and gradually evolving industry requirements and standards. We believe that these trends will continue into the foreseeable future. Some of our current and potential competitors may have substantially greater financial, marketing and other resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and changes in customer requirements, or to devote greater resources to the promotion and sale of their products than we can. Competition could increase if new companies enter the market or if existing competitors expand their product lines or intensify efforts within existing product lines. Although we believe that our products are more cost-effective than those of our primary competitors, certain competing products may have other advantages which may limit our market. There can be no assurance that continuing improvements in current or new products will not make them technically equivalent or superior to our products in addition to providing cost or other advantages. There can be no assurance that our current products, products under development or our ability to introduce new products will enable us to compete effectively.

## PRODUCT DEVELOPMENT

We have a well developed engineering and technical staff in our Power Conversion Group. Our technical and scientific employees are generally employed in the engineering departments at our RFI business unit, and split their time, depending on business mix and their own technical background, between supporting existing production and development and research efforts for new product variations or new customer specifications. Our products include transformers,

noise suppression filters and high voltage capacitors for use in precision regulated high voltage applications. Noise suppression filters and components are used to help isolate and reduce the electromagnetic interference (commonly referred to as "noise") among the different components in a system sharing the same power source. Examples of systems that use our noise suppression products include aviation electronics, mobile and land-based telecommunication systems and missile guidance systems. No significant engineering related time was charged to research and development spending for the continuing operations of the Power Conversion Group in fiscal years 2007, 2006 or 2005. These time allocations were minimal because our technical and scientific employees were focused on reshaping our production and quality practices at our Bay Shore plant.

#### TRADEMARKS AND PATENTS

The majority of the Power Conversion Group's products are based on technology that is not protected by patent or other rights. Within the Power Conversion Group, certain of our products and brand names are protected by trademarks, both in the US and internationally. Our future success is dependent primarily on the technological expertise and management abilities of our employees.

#### GOVERNMENT REGULATION

We are subject to various US government guidelines and regulations relating to the qualification of our non-medical products for inclusion in

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government-qualified product lists in order to be eligible to receive purchase orders from a government agency or for inclusion of a product in a system which will ultimately be used by a governmental agency. We have had many years of experience in designing, testing and qualifying our products for sale to governmental agencies. Certain government contracts are subject to cancellation rights at the Government's election. We have experienced no material termination of any government contract and are not aware of any pending terminations of government contracts.

#### DISCONTINUED OPERATION

As of July 31, 2004, the DHV division was classified as a discontinued operation. This division manufactured and sold high voltage power systems, primarily for security, medical, scientific, military and industrial OEM applications. The results of this operation are segregated on the accompanying financial statements as income or loss from discontinued operation. See Note 3 of the Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report.

#### SEASONALITY

Revenue in both operating segments is typically lower during the first quarter of each fiscal year due to the shutdown of operations in our Milan, Italy (Medical Systems Group) and Bay Shore, New York (Power Conversion Group) facilities for part of August as a result of both vacation schedules and year-end physical inventories.

#### BACKLOG

Consolidated backlog at July 28, 2007 was \$28.4 million versus backlog at July 29, 2006 of approximately \$22.4 million. The backlog in the Power Conversion Group of \$16.6 million increased \$0.3 million from levels at beginning of the fiscal year while there was a \$5.7 million increase in the fiscal year end backlog of our Medical Systems Segment from July 29, 2006 reflecting strong booking during the twelve month period in international markets. Substantially all of the backlog should result in shipments within the next 12 months.

#### GEOGRAPHIC AREAS

For further information about Geographic areas the Company operates in as well as other Segment related disclosures refer to Note 10 of the Notes to Consolidated Financial Statements in Part II, Item 8 of this Annual Report.

#### ITEM 1A RISK FACTORS

Prospective investors should carefully consider the following risk factors, together with the other information contained in this Annual Report, in evaluating the Company and its business before purchasing our securities. In particular, prospective investors should note that this Annual Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934 and that actual results could differ materially from those contemplated by such statements. The factors listed below represent certain important factors which we believe could cause such results to differ. These factors are not intended to represent a complete list of the general or specific risks that may affect us. It should be recognized that other risks may be significant, presently or in the future, and the risks set forth below may affect us to a greater extent than indicated.

WE DO NOT INTEND TO PAY DIVIDENDS ON SHARES OF OUR COMMON STOCK IN THE FORESEEABLE FUTURE.

We currently expect to retain our future earnings, if any, for use in the operation and expansion of our business. We do not anticipate paying any cash dividends on shares of our common stock in the foreseeable future. Our credit facility with our U.S. lender restricts our ability to pay dividends.

COMPLIANCE WITH CHANGING REGULATION OF CORPORATE GOVERNANCE AND PUBLIC DISCLOSURE MAY RESULT IN ADDITIONAL EXPENSES.

Changing laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act of 2002, are creating uncertainty for companies such as ours. We are committed to maintaining high standards of corporate governance and public disclosure. As a result, we intend

to invest reasonably necessary resources to comply with evolving standards, and

this investment may result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities, which could harm our business prospects.

OUR COMMON STOCK HAS BEEN DELISTED FROM THE NASDAQ NATIONAL MARKET AND WE CANNOT PREDICT WHEN OR IF IT EVER WILL BE LISTED ON ANY NATIONAL SECURITIES EXCHANGE.

Due to our past failure to comply with the United States Securities Laws, our common stock was suspended from trading on the NASDAQ National Market in December 2000. Current pricing information on our common stock has been available on the over the counter bulletin board (the "OTC") published by National Quotation Bureau, LLC. The OTC is an over-the-counter market which generally provides significantly less liquidity than established stock exchanges or the NASDAQ National Market, and quotes for stocks included in the OTC are not listed in the financial sections of newspapers. Therefore, prices for securities traded solely in the OTC may be difficult to obtain, and shareholders may find it difficult to resell their shares. In order to be re-listed, we will need to meet certain listing requirements. There can be no assurance that we will be able to meet such listing requirements.

FAILURE BY US TO ADHERE TO OUR ADMINISTRATIVE AGREEMENT WITH THE DEFENSE LOGISTICS AGENCY COULD RESULT IN OUR DEBARMENT FROM DOING BUSINESS WITH THE U.S. GOVERNMENT.

On April 5, 2005, the Company announced that it had reached an administrative agreement with the U.S. Defense Logistics Agency (the "DLA"), a component of the US Department of Defense (the "DOD"), which provides that RFI will not be debarred from doing business with the U.S. Government entities as long as RFI maintains its compliance program and adheres to the terms of the administrative agreement. If RFI fails to maintain its compliance program or RFI or the Company fails to adhere to the terms of the administrative agreement, the DLA could debar the Company from doing business with U.S. Government entities.

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

OUR BUSINESS IS BASED ON TECHNOLOGY THAT IS NOT PROTECTED BY PATENT OR OTHER RIGHTS.

The technology and designs underlying our products are unprotected by patent rights. Our future success is dependent primarily on unpatented trade secrets and on the innovative skills, technological expertise and management abilities of our employees. Because we do not have patent rights in our products, our technology may not preclude or inhibit competitors from producing products that have identical performance as our products. In addition, we cannot guarantee that any protected trade secret could ultimately be proven valid if challenged. Any such challenge, with or without merit, could be time consuming to defend, result in costly litigation, divert management's attention and resources and, if successful, require us to pay monetary damages.

WE MAY NOT BE ABLE TO COMPETE SUCCESSFULLY.

A number of foreign and domestic companies have developed, or are expected to develop, products that compete or will compete with our products. Many of these competitors offer a range of products in areas other than those in which we compete, which may make such competitors more attractive to hospitals, radiology clients, general purchasing organizations and other potential customers. In addition, many of our competitors and potential competitors are larger and have greater financial resources than we do and offer a range of products broader than our products. Some of the companies with which we now compete or may compete in the future have or may have more extensive research, marketing and manufacturing capabilities and significantly greater technical and personnel resources than we do, and may be better positioned to continue to improve their technology in order to compete in an evolving industry.

OUR DELAY OR INABILITY TO OBTAIN ANY NECESSARY US OR FOREIGN REGULATORY CLEARANCES OR APPROVALS FOR OUR PRODUCTS COULD HARM OUR BUSINESS AND PROSPECTS.

Our medical imaging products, with the exception of certain veterinary lines, are the subject of a high level of regulatory oversight. Any delay in our

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obtaining or our inability to obtain any necessary US or foreign regulatory approvals for new products could harm our business and prospects. There is a limited risk that any approvals or clearances, once obtained, may be withdrawn or modified which could create delays in shipping our product, pending re-approval. Medical devices cannot be marketed in the US without clearance or approval by the FDA. Our Medical Systems Group businesses must be operated in compliance with FDA Good Manufacturing Practices, which regulate the design, manufacture, packing, storage and installation of medical devices. Our manufacturing facilities and business practices are subject to periodic regulatory audits and quality certifications and we do self audits to monitor our compliance. In general, corrective actions required as a result of these audits do not have a significant impact on our manufacturing operations; however there is a limited risk that delays caused by a potential response to extensive corrective actions could impact our operations. Virtually all of our products manufactured or sold overseas are also subject to approval and regulation by foreign regulatory and safety agencies. If we do not obtain these approvals, we could be precluded from selling our products or required to make modifications to our products which could delay bringing our products to market. Because our US products lines are mature, new product changes are in general relatively minor, and accordingly regulatory approval is more streamlined.

WE MUST RAPIDLY DEVELOP NEW PRODUCTS IN ORDER TO COMPETE EFFECTIVELY.

Technology in our industry, particularly in the x-ray and medical imaging businesses, evolves rapidly, and making timely product innovations is essential to our success in the marketplace. The introduction by our competitors of products with improved technologies or features may render our existing products obsolete and unmarketable. If we cannot develop products in a timely manner in

response to industry changes, or if our products do not perform well, our business and financial condition will be adversely affected. Also, our new products may contain defects or errors which give rise to product liability claims against us or cause the products to fail to gain market acceptance.

It is generally accepted that digital radiography will become the dominant technology used in hospitals and imaging clinics throughout the world over the next 10 to 15 years. Currently, there are a number of competing technologies available in connection with the digitization of x-ray images. However, due to the high cost of this technology, many institutions have not yet adopted digital technology. In addition, there is uncertainty as to which technology system will be accepted as the industry-leading protocol for image digitization and communication. Lack of an adequate digital capability could impact our business and result in a loss of market share.

A SHORTAGE OF AN ADEQUATE SUPPLY OF RAW MATERIALS COULD INCREASE OUR COSTS AND CAUSE A DELAY IN OUR ABILITY TO SHIP PRODUCT AND FULFILL ORDERS. A LARGE PORTION OF OUR MANUFACTURING COSTS CONSIST OF THE COST OF MATERIALS AND AN INCREASE IN THESE COSTS COULD ADVERSELY IMPACT OUR GROSS MARGINS.

We rely on external sources to supply raw materials, which consist primarily of mechanical subassemblies, electronic components, x-ray tubes and x-ray generators in the Medical Systems Group and electronic components and subassemblies and, metal enclosures for its products in the Power Conversion Group. Our ability to meet future demand and manufacture our product is dependent on these sources of supply. If disruptions in these sources of supply cause shortages of raw materials, our ability to ship products to customers will be impacted. In addition, due to the high material cost component of our manufactured goods, our gross margins would be adversely impacted by increases in raw material costs we may be unable to pass along to our customers due to market conditions.

DUE TO THE SIGNIFICANCE OF OUR INTERNATIONAL OPERATIONS, POLITICAL OR ECONOMIC CHANGES IN THE VARIOUS COUNTRIES OR REGIONS WE MANUFACTURE IN OR SELL OUR PRODUCTS TO COULD IMPACT OUR FINANCIAL CONDITION.

International sales, including product manufactured at our facility in Milan, Italy, as well as product manufactured in the US, comprised 66% and 64% of consolidated revenues for fiscal years 2007 and 2006, respectively. Our future results could be adversely affected by a variety of international risks, including unfavorable foreign currency exchange rates; difficulties in managing and staffing international operations, political or social unrest; economic instability or natural disasters; environmental or trade protection measures; changes in governmental or other entities buying patterns and tender order procedures; changes in other regulatory or certification requirements. In addition any changes in Italian tax laws including changes in withholding on dividends from our Italian subsidiary or other restrictions on transfers of funds to the US could impact our financial condition.

THE COMPANY'S WORKING CAPITAL NEEDS ARE FINANCED IN PART BY CREDIT FACILITIES WITH U.S. AND ITALIAN BANKS. THE COMPANY HAS NEEDED TO OBTAIN WAIVERS FROM ITS U.S. LENDERS FOR COVENANT VIOLATIONS DUE TO LESS THAN ANTICIPATED OPERATING RESULTS.

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On December 6, 2006, the Company and its U.S. lender signed an amendment to its U.S. revolving credit and term loan credit facility which waived covenant violations existing as of October 28, 2006 and adjusted the financial covenants for future periods based on a business plan the Company provided to its lender. Although the Company was in compliance with all covenants of its revolving credit and term loan facility as of July 28, 2007 and the Company had no outstanding borrowings under these agreements, should the Company's results be less than anticipated in the business plan, the Company could have future covenant violations. If the Company and its lender were unable to cure the violations by signing a waiver agreement, or through other means, the Company could be in default under its foreign and domestic credit agreements and the banks would have the ability to stop revolving credit borrowings under the facility or accelerate the maturity of any outstanding balances. If additional sources of debt or equity capital were not available at that point, such acceleration could have a material adverse impact on the Company's financial position.

WE MUST CONDUCT OUR BUSINESS OPERATIONS WITHOUT INFRINGING ON THE PROPRIETARY RIGHTS OF THIRD PARTIES.

Although we believe our products do not infringe on the intellectual property rights of others, there can be no assurance that infringement claims will not be asserted against us in the future or that, if asserted, any infringement claim will be successfully defended. A successful claim, or any claim, against us could distract our management's attention from other business concerns and adversely affect our business, financial condition and results of operations.

POTENTIAL PAYMENTS REQUIRED UNDER A CHANGE OF CONTROL AGREEMENT WITH A FORMER CEO COULD UNDULY BURDEN OUR COMPANY.

The Company's employment agreement with Samuel E. Park, a former CEO of the Company, provides for payments upon certain changes of control. The Company's Board of Directors elected at the Company's Annual Meeting of Shareholders held on May 29, 2003, had reviewed the "change of control", provisions regarding payments totaling up to approximately \$1,800,000 under the employment agreement between the Company and Mr. Park. As a result of this review and based upon, among other things, the advice of special counsel, the Company's Board of Directors has determined that no obligation to pay these amounts has been triggered. Prior to his departure from the Company on October 10, 2003, Mr. Park orally informed the Company that, after reviewing the matter with his counsel, he believed that the obligation to pay these amounts has been triggered. On October 27, 2003, the Company received a letter from Mr. Park's counsel demanding payment of certain sums and other consideration pursuant to the Company's employment agreement with Mr. Park, including these change of control payments. On November 17, 2003, the Company filed a complaint in the United States District Court, Southern District of New York, against Mr. Park seeking a declaratory judgment that no change in control payment was or is due to Mr. Park, and that an amendment to the employment contract with Mr. Park regarding advancement and reimbursement of legal fees is invalid and unenforceable. Mr. Park answered the complaint and asserted counterclaims seeking payment from the Company based on his position that a "change in control" occurred in June 2003. Mr. Park is also seeking other consideration he believes he is owed under his employment agreement. The Company filed a reply to Mr. Park's counterclaims

denying that he is entitled to any of these payments. Discovery in this matter was conducted and completed. Following discovery, the Company and Mr. Park filed motions for summary judgment on the issues related to change in control and the amendment to the employment agreement, which motions have been fully submitted to the Court for consideration. To date, no decision has been issued by the Court on these motions. If Mr. Park prevails on his claims and the payments he seeks are required to be paid in a lump sum, these payments may have a material adverse effect on the Company's liquidity.

THERE IS A RISK THAT OUR INSURANCE WILL NOT BE SUFFICIENT TO PROTECT US FROM PRODUCT LIABILITY CLAIMS, OR THAT IN THE FUTURE PRODUCT LIABILITY INSURANCE WILL NOT BE AVAILABLE TO US AT A REASONABLE COST, IF AT ALL.

Our business involves the risk of product liability claims inherent to the medical device business. We maintain product liability insurance subject to certain deductibles and exclusions. There is a risk that our insurance will not be sufficient to protect us from product liability claims, or that product liability insurance will not be available to us at a reasonable cost, if at all. An uninsured or underinsured claim could materially harm our operating results or financial condition.

WE FACE RISKS ASSOCIATED WITH HANDLING HAZARDOUS MATERIALS AND PRODUCTS.

Our research and development activity involves the controlled use of hazardous materials, such as toxic and carcinogenic chemicals. Although we believe that our safety procedures for handling and disposing of such materials comply with the standards prescribed by federal, state and local regulations, we

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cannot completely eliminate the risk of accidental contamination or injury from these materials. In the event of an accident, we could be held liable for any resulting damages, and such liability could be extensive. We are also subject to substantial regulation relating to occupational health and safety, environmental protection, hazardous substance control, and waste management and disposal. The failure to comply with such regulations could subject us to, among other things, fines and criminal liability.

OUR BUSINESS COULD BE HARMED IF OUR PRODUCTS CONTAIN UNDETECTED ERRORS OR DEFECTS OR DO NOT MEET CUSTOMER SPECIFICATIONS.

We are continuously developing new products and improving our existing products. Newly introduced or upgraded products can contain undetected errors or defects. In addition, these products may not meet their performance specifications under all conditions or for all applications. If, despite our internal testing and testing by our customers, any of our products contains errors or defects, or any of our products fails to meet customer specifications, we may be required to recall or retrofit these products. We may not be able to do so on a timely basis, if at all, and may only be able to do so at considerable expense. In addition, any significant reliability problems could result in adverse customer reaction and negative publicity and could harm our business and prospects.

THE SEASONALITY OF OUR REVENUE MAY ADVERSELY IMPACT THE MARKET PRICES FOR OUR SHARES.

Our revenue is typically lower during the first quarter of each fiscal year due to the shut-down of operations in our Milan, Italy and Bay Shore, New York facilities for part of August. This seasonality causes our operating results to vary from quarter to quarter and these fluctuations could adversely affect the market price of our common stock.

A SIGNIFICANT NUMBER OF OUR SHARES WILL BE AVAILABLE FOR FUTURE SALE AND COULD DEPRESS THE MARKET PRICE OF OUR STOCK.

As of September 7, 2007, an aggregate of 24,130,808 shares of our common stock were outstanding. In addition, as of September 7, 2007, there were outstanding warrants to purchase 537,304 shares of our common stock and options to purchase 1,913,995 shares of our common stock, 1,522,245 of which were fully vested. Sales of large amounts of our common stock in the market could adversely affect the market price of the common stock and could impair our future ability to raise capital through offerings of our equity securities. A large volume of sales by holders exercising the warrants or options could have a significant adverse impact on the market price of our common stock.

WE HAVE A LIMITED TRADING MARKET AND OUR STOCK PRICE MAY BE VOLATILE.

There is a limited public trading market for our common stock in the Over-the-Counter "OTC" Market. We cannot assure you that a regular trading market for our common stock will ever develop or that, if developed, it will be sustained.

The experiences of other small companies indicate that the market price for our common stock could be highly volatile. Many factors could cause the market price of our common stock to fluctuate substantially, including:

- future announcements concerning us, our competitors or other companies with whom we have business relationships;
- changes in government regulations applicable to our business;
- overall volatility of the stock market and general economic conditions;
- changes in our earnings estimates or recommendations by analysts; and
- changes in our operating results from quarter to quarter.

Accordingly, substantial fluctuations in the price of our common stock could limit the ability of our current shareholders to sell their shares at a favorable price.

THE COMPANY MAY SUBMIT, FROM TIME TO TIME, PROPOSALS TO SHAREHOLDERS TO AMEND THE COMPANY'S CERTIFICATE OF INCORPORATION OR TO INCREASE THE NUMBER OF COMMON SHARES AUTHORIZED.

At a special meeting of shareholders of the Company held on November 17, 2006, the Company's shareholders approved an Amendment of the Certificate of

Incorporation of the Company to increase the number of authorized shares of the Company's common stock, par value \$0.10 per share, from twenty million (20,000,000) shares to fifty million (50,000,000) shares in order to have a sufficient number of shares of Common Stock to provide a reserve of shares available for issuance to meet business needs as they may arise in the future. Such business needs may include, without limitation, rights offerings, financings, acquisitions, establishing strategic relationships with corporate partners, providing equity incentives to employees, officers or directors, stock splits or similar transactions. Issuances of any additional shares for these or other reasons could prove dilutive to current shareholders or deter changes in control of the Company, including transactions where the shareholders could otherwise receive a premium for these shares over then current market prices.

ITEM 1B UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 2 PROPERTIES

The following is a list of our principal properties, classified by segment and subsidiary:

SEGMENT	LOCATION	APPROX. FLOOR AREA IN SQ. FT.	PRINCIPAL USES	OWNED/LEASED (EXPIRATION DATE IF LEASED)
MEDICAL SYSTEMS GROUP:				
Del Medical Imaging Corp.....	Franklin Park, IL	68,000	Corporate headquarters, Design and manufacturing	Leased (2009)
Villa.....	Milan, Italy	67,000	Design and manufacturing	Leased (2011)(1)
POWER CONVERSION GROUP:				
RFI.....	Bay Shore, NY	55,000	Design and manufacturing	Owned

(1) Villa has the option to purchase this property at the conclusion of this lease.

We believe that our current facilities are sufficient for our present and anticipated future requirements. The Company's manufacturing operations run on one shift and we have the ability to add a second shift, if needed. The Company's domestic credit facilities are secured, in part, by a mortgage on RFI's property.

ITEM 3 LEGAL PROCEEDINGS

DOD INVESTIGATION - On March 8, 2002, RFI, a subsidiary of the Company and the remaining part of the Power Conversion Group segment, was served with a subpoena by the US Attorney for the Eastern District of New York in connection with an investigation by the DOD. RFI supplies electro-magnetic interference filters for communications and defense applications. The DOD had investigated certain past practices at RFI which dated back to before 1996 and pertain to RFI's Military Specification testing, record keeping and general operating procedures. Management retained special counsel to represent the Company on this matter. The Company cooperated fully with this investigation, including voluntarily providing employees to be interviewed by the Defense Criminal Investigative Services division of the DOD.

In June 2003, the Company was advised that the US Government was willing to enter into negotiations regarding a comprehensive settlement of this investigation. Prior to the preliminary discussions with the US Government in June 2003, the Company had no basis to estimate the financial impact of this investigation. Based on preliminary settlement discussions with the US Government, discussions with the Company's advisors, consideration of settlements reached by other parties in investigations of this nature, and consideration of the Company's capital resources, management then developed an estimate of the low end of the potential range of the financial impact.

Accordingly, during the third quarter of fiscal 2003, the Company recorded a charge of \$2.3 million, which represented its estimate of the low end of a range of potential fines and legal and professional fees.

Following negotiations, the Company reached a global settlement in February 2004 with the US Government that resolved the civil and criminal matters relating to the DOD's investigation. The settlement included the Company pleading guilty to one criminal count and agreeing to pay fines and restitution to the US Government of \$4.6 million if paid by June 30, 2004 and \$5.0 million if paid by September 30, 2004.

In connection with this settlement, the Company recognized an additional charge of approximately \$3.2 million in the second quarter of fiscal 2004. This charge represents the difference between the \$2.3 million charge taken during the third quarter of fiscal 2003, and up to \$5.0 million in fines and restitution, plus estimated legal and professional fees related to this settlement.

On September 30, 2004, pursuant to the terms of the settlement, the Company fulfilled its obligation under this agreement by paying to the US Government the sum of \$5.0 million representing fines and restitution. On October 7, 2004, RFI entered a guilty plea to a single count conspiracy charge pursuant to the settlement and a criminal plea agreement. Sentencing occurred on March 15, 2005.

At sentencing, the Court imposed an additional fine of \$0.3 million to be paid within 30 days. The Company paid this additional fine on April 8, 2005.

The Company worked with the US Defense Logistics Agency ("DLA"), a component of the DOD, to avoid any future limitations on the ability of the Company to do business with US Government entities. Such limitations could have included the US Government seeking a "debarment" or exclusion of the Company from doing business with US Government entities for a period of time.

On April 5, 2005, the Company announced that it had reached an administrative agreement with the DLA which provides that RFI will not be debarred from doing business with U.S. Government entities so long as RFI maintains its compliance program and adheres to the terms of the administrative agreement. This agreement with the DLA is the final component of the Company's previously announced settlement of an investigation by the DOD into practices at RFI.

On May 24, 2007, the Company's RFI subsidiary was served with a subpoena to testify before a grand jury of the United States District Court, Eastern District of New York to provide items and records from its Bay Shore, NY offices in connection with U.S. DOD contracts. A search warrant from the United States District Court, Eastern District of New York was issued and executed with respect to such offices. The Company believes that it is in full compliance with the quality standards that its customers require and is fully cooperating with investigators to assist them with their review. The Company's RFI subsidiary is continuing to ship products to the U.S. Government as well as to its commercial customers.

EMPLOYMENT MATTERS - The Company had an employment agreement with Samuel Park, a previous Chief Executive Officer ("CEO"), for the period May 1, 2001 to April 30, 2004. The employment agreement provided for certain payments in the event of a change in the control of the Company.

On October 10, 2003, the Company announced the appointment of Walter F. Schneider as President and CEO to replace Mr. Park, effective as of such date. As a result, the Company recorded a charge of \$0.2 million during the first quarter of fiscal 2004 to accrue the balance remaining under Mr. Park's employment agreement.

The Company's employment agreement with Mr. Park, provided for payments upon certain changes of control. The Company's Board of Directors elected at the Company's Annual Meeting of Shareholders held on May 29, 2003, had reviewed the "change of control", provisions regarding payments totaling up to approximately \$1,800,000 under the employment agreement between the Company and Mr. Park. As a result of this review and based upon, among other things, the advice of special counsel, the Company's Board of Directors has determined that no obligation to pay these amounts has been triggered. Prior to his departure from the Company on October 10, 2003, Mr. Park orally informed the Company that, after reviewing the matter with his counsel, he believed that the obligation to pay these amounts has been triggered. On October 27, 2003, the Company received a letter from Mr. Park's counsel demanding payment of certain sums and other consideration pursuant to the Company's employment agreement with Mr. Park, including these change of control payments. On November 17, 2003, the Company filed a complaint in the United States District Court, Southern District of New York, against Mr. Park seeking a declaratory judgment that no change in control payment was or is due to Mr. Park, and that an amendment to the employment contract with Mr. Park regarding advancement and reimbursement of legal fees is invalid and unenforceable. Mr. Park answered the complaint and asserted counterclaims seeking payment from the Company based on his position that a "change in control" occurred in June 2003. Mr. Park is also seeking other consideration he believes he is owed under his employment agreement. The Company filed a reply to Mr. Park's counterclaims denying that he is entitled to any of these payments.

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Discovery in this matter was conducted and completed. Following discovery, the Company and Mr. Park filed motions for summary judgment on the issues related to change in control and the amendment to the employment agreement, which motions have been fully submitted to the Court for consideration. To date, no decision has been issued by the Court on these motions. If Mr. Park prevails on his claims and the payments he seeks are required to be paid in a lump sum, these payments may have a material adverse effect on the Company's liquidity. It is not possible to predict the outcome of these claims. However, the Company's Board of Directors does not believe that such a claim is reasonably likely to result in a material decrease in the Company's liquidity in the foreseeable future. The Company has not recorded an accrual for any potential settlement of this claim as it has no basis upon which to estimate either the outcome or amount of loss, if any.

On June 28, 2002, Jeffrey N. Moeller, the former Director of Quality Assurance and Regulatory Affairs of Del Medical, commenced an action in the Circuit Court of Cook County, Illinois, against the Company, Del Medical and Walter Schneider, the former President of Del Medical. In the most current iteration of this pleading, the third amended complaint, Mr. Moeller alleges four claims against the defendants in the action: (1) retaliatory discharge from employment with Del Medical, allegedly in response to Mr. Moeller's complaints to officers of Del Medical about purported prebilling and his stopping shipment of a product that allegedly did not meet regulatory standards, (2) defamation, (3) intentional interference with his employment relationship with Del Medical and prospective employers, and (4) to hold the Company liable for any misconduct of Del Medical under a theory of piercing the corporate veil. By order dated September 15, 2006, the Court denied in part and granted in part defendants' motion requesting summary judgment dismissing the third amended complaint. The Court granted the motion only to the extent of dismissing that part of Mr. Moeller's claim of interference with his employment relationship with Del Medical and his relationship with prospective employers, addressed to alleged interference with his relationship with prospective employers. The parties appeared for mediation in January 2007 but the mediation did not result in a disposition of the action. Accordingly, it appears that the action will proceed to trial. A status conference before the Court was held March 8, 2007, and subsequently, a trial date had been scheduled for October 1, 2007. The trial date has been postponed due to the unavailability of a witness for the plaintiff. A trial date has been scheduled of January 28, 2008. The Company and Del Medical intend to defend vigorously against Mr. Moeller's claims. Mr. Moeller is seeking \$2.37 million in damages consisting of alleged income loss, including salary and benefits, and the present value of his alleged lost income and benefits in the future after lump sum tax adjustments. The Company has recorded an accrual of \$0.1 million relating to potential liability in the settlement of these claims.

OTHER LEGAL MATTERS - The Company is a defendant in several other legal actions in various US and foreign jurisdictions arising from the normal course of business. Management believes the Company has meritorious defenses to such actions and that the outcomes will not be material to the Company's consolidated financial statements.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Effective May 11, 2007, our common stock commenced trading on the Over the Counter "OTC" Bulletin Board under the symbol "DGTC.OB" and our warrants are traded under the symbol "DGTCW.OB." Prior to that, they had been traded on the "pink sheets," under the symbol "DGTC.PK" and "DGTCW.PK", respectively. The OTC is an over-the-counter market which provides significantly less liquidity than established stock exchanges or the NASDAQ National Market, and quotes for stocks included in the OTC are not listed in the financial sections of newspapers as are those for established stock exchanges and the NASDAQ National Market. Our securities had been suspended from trading on the NASDAQ National Market on December 19, 2000 because we had not filed an annual report for the year ended July 29, 2000 within the SEC's prescribed time period.

At a special meeting of shareholders of the Company held on November 17, 2006, the Company's shareholders approved an Amendment of the Certificate of Incorporation of the Company to increase the number of authorized shares of the Company's common stock, par value \$0.10 per share, from twenty million (20,000,000) shares to fifty million (50,000,000) shares in order to have a sufficient number of shares of common stock to provide a reserve of shares available for issuance to meet business needs as they may arise in the future. Such business needs may include, without limitation, rights offerings, financings, acquisitions, establishing strategic relationships with corporate partners, providing equity incentives to employees, officers or directors, stock splits or similar transactions. Issuances of any additional shares for these or other reasons could prove dilutive to current shareholders or deter changes in

control of the Company, including transactions where the shareholders could otherwise receive a premium for their shares over their current market prices.

On December 12, 2006, the Company filed a registration statement for a subscription rights offering with the SEC that became effective January 30, 2007. Under terms of this rights offering, the Company distributed to shareholders of record as of February 5, 2007, non-transferable subscription rights to purchase one share of the Company's common stock for each share owned at that date at a subscription price of \$1.05 per share. On March 12, 2007, the Company completed the rights offering, selling 12,027,378 shares of its common stock at \$1.05 per share. Total proceeds to the Company, net of \$275,000 of expenses related to the rights offering, were \$12,354,000.

The purpose of this rights offering was to raise equity capital in a cost-effective manner. Approximately \$7,564,000 of the proceeds were used for debt repayment and the remainder invested in short-term money market securities for anticipated working capital needs and general corporate purposes. A portion of the net proceeds may also ultimately be used to acquire or invest in businesses, products and technologies that our management believes are complementary to the Company's business. Remaining unused proceeds are currently invested in short-term money market securities.

In addition, on January 22, 2007, the Company entered into a stockholders rights plan (the "Rights Plan"). The Rights Plan provides for a dividend distribution of one common stock purchase right for each outstanding share of the Company's common stock. The Company's Board of Directors adopted the Rights Plan to protect stockholder value by protecting the Company's ability to realize the benefits of its net operating losses ("NOLs") and capital loss carryforwards. The Company has experienced substantial operating and capital losses in previous years. Under the Internal Revenue Code and rules promulgated by the Internal Revenue Service, the Company may "carry forward" these losses in certain circumstances to offset current and future earnings and thus reduce its federal income tax liability, subject to certain requirements and restrictions. Assuming that the Company has future earnings, the Company may be able to realize the benefits of NOLs and capital loss carryforwards. These NOLs and capital loss carryforwards constitute a substantial asset to the Company. If the Company experiences an "Ownership Change," as defined in Section 382 of the Internal Revenue Code, its ability to use the NOLs and capital loss carryforwards could be substantially limited or lost altogether. The Rights Plan imposes a significant penalty upon any person or group that acquires more than a certain percentage of the Company's common stock by allowing other shareholders to acquire equity securities at half their fair values.

As of September 4, 2007, there were approximately 797 holders of record of our common stock. The following table shows the high and low sales prices per share of our common stock for the past eight quarters, as reported by the over the counter market. The over-the-counter market quotations listed below reflect inter-dealer prices, without retail mark-up, mark down or commission and may not represent actual transactions.

FISCAL PERIOD	HIGH	LOW
FISCAL 2007		
First Quarter.....	\$ 2.05	\$ 0.60
Second Quarter.....	2.30	1.55
Third Quarter.....	2.40	1.20

Fourth Quarter.....	2.90	1.35
FISCAL 2006		
First Quarter.....	\$ 3.15	\$ 2.00
Second Quarter.....	3.95	2.80
Third Quarter.....	4.50	2.95
Fourth Quarter.....	3.35	1.70

We have not paid any cash dividends, except for the payment of cash in lieu of fractional shares, since 1983. The payment of cash dividends is prohibited under our US credit facility. We do not intend to pay any cash dividends in the foreseeable future.

The following table summarizes the securities authorized for issuance under equity compensation plans as of the end of Fiscal Year 2007

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EQUITY COMPENSATION PLAN INFORMATION

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (1)
Equity compensation plans approved by security holders:			
Stock Option Plan .....	1,913,995	\$ 3.51	941,000
Equity compensation plans not approved by security holders:			
Warrants issued in settlement of class action lawsuit (2) ...	573,516	\$ 1.50	Not applicable

(1) Excludes securities to be issued upon exercise of outstanding options, warrants and rights.

(2) Pursuant to our class action settlement with our shareholders concerning allegations that the Company had violated federal Securities laws, we issued 2.5 million shares of our common stock and one million warrants to purchase our common stock at \$2.00 per share. The issuance of these securities was pursuant to a court order issued in connection with the settlement of this class action lawsuit in January 2002, and therefore was exempt from the registration requirements of the Securities Act of 1933 pursuant to Section 3(a) (10) thereof. These warrants were originally set to expire in March 2008.

In a motion filed in February 2004, a plaintiff class claimed damages due to Del Global's failure to timely complete a registration statement for the shares of common stock issuable upon exercise of these warrants. The class sought damages of \$1.25 million together with interest and costs, and a declaration that \$2 million in subordinated notes issued as part of the 2002 class action settlement were immediately due and payable. In settlement of this matter, Del Global modified the exercise, or "strike," price of the warrants issued in 2002 from \$2.00 to \$1.50 per share, and extended the expiration date of such warrants by one year to March 28, 2009.

PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative shareholder return on the Common Stock with The Nasdaq Market Index and the peer group index for the Standard Industrial Classification Code ("SIC Code") 3844 for the period commencing August 3, 2002 and ending July 28, 2007. The peer group for SIC Code 3844 (X-Ray Apparatus and Tubes) consists of 3 companies and includes: American Science Engineering Inc., Hologic Inc., and Sirona Dental Systems, Inc. The graph assumes that \$100 was invested on August 3, 2002 in the Common Stock and in each of the other indices and assumes monthly reinvestment of all dividends.

COMPARISON OF CUMULATIVE TOTAL RETURN OF ONE OR MORE COMPANIES, PEER GROUPS, INDUSTRY INDEXES AND/OR BROAD MARKETS

COMPANY/INDEX/MARKET	FISCAL YEAR ENDING					
	8/03/2002	8/02/2003	7/31/2004	7/30/2005	7/29/2006	7/28/2007
DEL GLOBAL TECH CORP	100.00	71.43	82.54	86.00	53.97	74.60
X-RAY APPARATUS & TUBES	100.00	86.96	113.06	162.45	281.96	312.28
NASDAQ US ONLY	100.00	129.39	144.22	166.10	164.41	202.67

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This stock price performance graph shall not be deemed to be "soliciting material" or "filed" or incorporated by reference in future filings with the Commission, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that the Company specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

ITEM 6 SELECTED FINANCIAL DATA

The selected income statement data presented for the fiscal years ended July 28, 2007, July 29, 2006 and July 30, 2005 and the balance sheet data as of July 28, 2007 and July 29, 2006 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report. The income statement data for the years ended July 31, 2004 and August 2, 2003 and the balance sheet data as of July 30, 2005, July 31, 2004 and August 2, 2003 have been derived from audited financial statements not included herein. This selected financial data should be read in conjunction with the Consolidated Financial Statements and related notes included in Part II, Item 8, "Financial Statements and Supplementary Data" thereto and "Management's Discussion and

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	FISCAL YEARS ENDED				
	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005	JULY 31, 2004(1)	AUGUST 2, 2003(2)
<b>INCOME STATEMENT DATA:</b>					
Net sales	\$104,167	\$ 83,014	\$ 84,872	\$ 83,827	\$ 68,212
Gross margin	25,017	19,358	22,281	21,315	15,670
Selling, general and administrative	14,590	13,619	16,452	15,907	17,904
Research and development	2,013	1,562	1,636	1,562	1,593
Litigation settlement costs	--	697	300	3,652	2,126
Facilities reorganization costs	--	--	--	--	128
Operating income (loss)	8,414	3,480	3,893	194	(6,081)
Minority interest	--	108	393	559	115
Provision for income taxes	3,553	1,758	2,054	8,691	8,233
Income (loss) from continuing operation	3,816	269	193	(10,729)	(15,173)
Discontinued operation	--	(175)	199	(5,095)	128
Net income (loss)	3,816	94	392	(15,824)	(15,045)
Net income (loss) per share - Basic					
Continuing operations	\$ 0.24	\$ 0.02	\$ 0.02	\$ (1.04)	\$ (1.46)
Discontinued operation	--	(0.01)	0.02	(0.49)	0.01
Net income (loss) per basic share	\$ 0.24	\$ 0.01	\$ 0.04	\$ (1.53)	\$ (1.45)
Net income (loss) per share - Diluted					
Continuing operations	\$ 0.23	\$ 0.02	\$ 0.01	\$ (1.04)	\$ (1.46)
Discontinued operation	--	(0.01)	0.02	(0.49)	0.01
Net income (loss) per diluted share	\$ 0.23	\$ 0.01	\$ 0.03	\$ (1.53)	\$ (1.45)
Weighted average shares outstanding - Basic	16,155	11,244	10,490	10,334	10,376
Weighted average shares outstanding - Diluted	16,455	12,076	11,465	10,334	10,376
AS OF					
	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005	JULY 31, 2004	AUGUST 2, 2003
<b>BALANCE SHEET DATA:</b>					
Working capital	\$24,977	\$ 6,935	\$10,122	\$ 7,764	\$13,598
Total assets	66,339	49,153	40,776	49,261	60,492
Long-term debt and subordinated note	5,398	5,133	6,454	7,038	7,100
Shareholders' equity	30,196	12,814	9,228	7,775	22,979

(1) Net loss for the year ended July 30, 2004 includes a \$9,794 income tax provision related to the establishment of a deferred tax valuation allowance. In addition, the net loss reflects the accrual of a \$3,199 charge related to the DOD investigation of our RFI subsidiary and \$454 related to a motion filed in February 2004 related to the warrants to purchase common stock that were issued in fiscal year 2002. For more information about these legal charges, see Part I, Item 3 "Legal Proceedings" of this Annual Report.

(2) Net loss for the year ended August 2, 2003 includes approximately \$7,967 income tax provision related to the establishment of a deferred tax valuation

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allowance. In addition, the net loss reflects the accrual of a \$2,347 charge related to an ongoing DOD investigation of our RFI subsidiary. For more information about the DOD investigation, see Part I, Item 3, and "Legal Proceedings" of this Annual Report. See Notes to Consolidated Financial Statements included in Part II, Item 8, of this Annual Report.

#### ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

##### FORWARD LOOKING STATEMENTS

In addition to other information in this Annual Report, this Management's Discussion and Analysis of Financial Condition and Results of Operations contain 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. We caution that these statements are not guarantees of future performance. They involve a number of risks and uncertainties that are difficult to predict including, but not limited to, our ability to implement our business plan, retention of management, changing industry and competitive conditions, obtaining anticipated operating efficiencies, securing necessary capital facilities and favorable determinations in various legal and regulatory matters. 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 SEC including the Company's Quarterly Reports and Current Reports on Form 8-K.

##### OVERVIEW

The Company is primarily engaged in the design, manufacture and marketing of cost-effective medical and dental diagnostic imaging systems consisting of stationary and portable imaging systems, radiographic/fluoroscopic systems, dental imaging systems and digital radiography systems. The Company also 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. We manage our business in two operating segments: our Medical Systems Group and our Power Conversion Group. In addition, we have a third reporting segment, other, comprised of certain unallocated corporate General and Administrative expenses. See Part I, Item 1, "Business-Operating Segments" of this Annual Report for discussions of the Company's segments.

On October 1, 2004, we sold the Del High Voltage division, which manufactured

proprietary high voltage power conversion subsystems, for a purchase price of \$3.1 million, plus the assumption of approximately \$0.8 million of liabilities. Accordingly, the results of operations have been restated to show this division as a discontinued operation.

At a special meeting of shareholders of the Company held on November 17, 2006, the Company's shareholders approved an Amendment of the Certificate of Incorporation of the Company to increase the number of authorized shares of the Company's common stock, par value \$0.10 per share, from twenty million (20,000,000) shares to fifty million (50,000,000) shares in order to have a sufficient number of shares of common stock to provide a reserve of shares available for issuance to meet business needs as they may arise in the future. Such business needs may include, without limitation, rights offerings, financings, acquisitions, establishing strategic relationships with corporate partners, providing equity incentives to employees, officers or directors, stock splits or similar transactions. Issuances of any additional shares for these or other reasons could prove dilutive to current shareholders or deter changes in control of the Company, including transactions where the shareholders could otherwise receive a premium for these shares over then current market prices.

#### CRITICAL ACCOUNTING POLICIES

Complete descriptions of significant accounting policies are outlined in Note 1 of the Notes to Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data" of this Annual Report. Within these policies, we have identified the accounting for revenue recognition, deferred tax assets and the allowance for obsolete and excess inventory as being critical accounting policies due to the significant amount of estimates involved. In addition, for interim periods, we have identified the valuation of finished goods inventory as being critical due to the amount of estimates involved.

#### REVENUE RECOGNITION

The Company recognizes revenue upon shipment, provided there is persuasive evidence of an arrangement, there are no uncertainties concerning acceptance,

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the sales price is fixed, collection of the receivable is probable and only perfunctory obligations related to the arrangement need to be completed. The Company maintains a sales return allowance, based upon historical patterns, to cover estimated normal course of business returns, including defective or out of specification product. The Company's products are covered primarily by one year warranty plans and in some cases optional extended warranties for up to five years are offered. The Company establishes allowances for warranties on an aggregate basis for specifically identified, as well as anticipated, warranty claims based on contractual terms, product conditions and actual warranty experience by product line. The Company recognizes service revenue when repairs or out of warranty repairs are completed. The Company has an FDA obligation to continue to provide repair service for certain medical systems for up to seven years past the warranty period. These repairs are billed to the customers at market rates.

#### DEFERRED TAXES

We account for deferred income taxes in accordance with Statement of Financial Accounting Standards ("SFAS") No. 109 "Accounting for Income Taxes" whereby we recognize deferred tax assets and liabilities for temporary differences between financial reporting basis and income tax reporting basis and for net operating loss carry forwards.

We periodically assess the realization of our net deferred tax assets. This evaluation is primarily based upon current operating results and expectations of future operating results. A valuation allowance is recorded if we believe our net deferred tax assets will not be realized. Our determination is based on what we believe will be the more likely than not result.

During fiscal years 2007 and 2006 and 2005, the Company reported operating income on a consolidated basis. For tax reporting purposes, the Company's foreign tax reporting entity was profitable and its US tax reporting entities incurred a taxable loss. Based on these results and expectations of future results, the Company concluded that it should maintain a 100% valuation allowance on its net U.S. deferred tax assets.

Because the Company's foreign tax reporting entity was profitable, the Company recorded a non-U.S. tax provision in all periods presented. While the Company can make no assurances that our foreign subsidiary will generate profits in the future, the Company believes that it is more likely than not that its \$1.0 million Villa-related net deferred tax assets at July 28, 2007 will be realized.

#### OBsolete AND EXCESS INVENTORY

We re-evaluate our allowance for obsolete inventory once a quarter, and this allowance comprises the most significant portion of our inventory reserves. The re-evaluation of reserves is based on a written policy, which requires at a minimum that reserves be established based on our analysis of historical actual usage on a part-by-part basis. In addition, if management learns of specific obsolescence in addition to this minimum formula, these additional reserves will be recognized as well. Specific obsolescence might arise due to a technological or market change, or based on cancellation of an order. As we typically do not purchase inventory substantially in advance of production requirements, we do not expect cancellation of an order to be a material risk. However, market or technology changes can occur.

#### VALUATION OF FINISHED GOODS INVENTORIES

In addition, we use certain estimates in determining interim operating results. The most significant estimates in interim reporting relate to the valuation of finished goods inventories. For certain subsidiaries, for interim periods, we estimate the amount of labor and overhead costs related to finished goods inventories. As of July 28, 2007, finished goods represented approximately 25.8% of the gross carrying value of our total gross inventory. We believe the estimation methodologies used to be appropriate and are consistently applied.

#### CONSOLIDATED RESULTS OF OPERATIONS

## FISCAL 2007 COMPARED TO FISCAL 2006

Consolidated net sales of \$104.2 million for fiscal year 2007 increased by \$21.2 million, or 25.5%, from fiscal 2006 net sales of \$83.0 million, with increases at both the Power Conversion Group and Medical Systems Group. The Medical Systems Group's sales for fiscal 2007 of \$91.0 million increased \$20.7 million, or 29.5 %, from the prior fiscal year, with increases primarily due to increased international sales as well as stronger than expected dental sales and increased sales of higher priced digital products. The Power Conversion Group's sales for fiscal 2007 of \$13.2 million increased by \$.5 million, or 3.6%, from the prior year's levels, reflecting increased sales in the transformer business.

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Consolidated backlog at July 28, 2007 was \$28.4 million versus backlog at July 29, 2006 of approximately \$22.4 million. The backlog in the Power Conversion Group of \$16.6 million increased \$0.3 million from levels at beginning of the fiscal year while there was a \$5.7 million increase in the fiscal year end backlog of our Medical Systems Segment from July 29, 2006 reflecting strong booking during the twelve month period in international markets. Substantially all of the backlog should result in shipments within the next 12 to 15 months.

Gross margins as a percent of sales were 24.0% in fiscal 2007, compared to 23.3% in fiscal 2006. The Power Conversion Group margins were 37.3 % in fiscal 2007 as compared to 35.5% in fiscal 2006 reflecting increased margins in product mix and decreased production cost. For the Medical Systems Group, fiscal 2007 gross margins of 22.1% were higher than gross margins of 21.1% in the prior year due primarily to the reversal of warranty reserves as the warranty period on several specific items expired. This impact was partially offset by lower margins associated with increased sales of digital products. Generally digital product have a higher selling price, as well as a higher cost than the non-digital product offerings, resulting in lower gross margin percentage

Selling, General and Administrative expenses ("SG&A") for fiscal 2007 were \$14.6 million (14.0% of sales) compared to \$13.6 million (16.4% of sales) in fiscal 2006. The increase is primarily due to increased corporate legal and bad debt expense offset by reduced selling cost in the Power Conversion Group.

Litigation settlement costs of \$0.7 million recorded in fiscal 2006 include the accrual of \$0.6 million based on a November 2005 settlement of litigation filed during fiscal 2005 by the potential buyers of the Company's Medical Systems Group. The Company previously disclosed this litigation but had not recorded any affiliated expense during fiscal 2005, as it had no basis at that time upon which to estimate either the outcome or amount of loss. The fiscal 2006 cost also includes the settlement of two employment actions at our foreign subsidiary totaling \$0.2 million net of the reversal of a \$0.1 million accrual related to a previously settled litigation. No additional litigation settlement costs were incurred during 2007.

As a result of the above, we recognized fiscal 2007 operating income of \$8.4 million compared to operating income of \$3.5 million in fiscal 2006. The Medical Systems Group had an operating profit of \$7.5 million in fiscal 2007 and the Power Conversion Group achieved an operating profit of \$2.4 million, offset by unallocated corporate costs of \$1.5 million. We recognized fiscal 2006 operating income of \$3.5 million. The Medical Systems Group had an operating profit of \$3.6 million in fiscal 2006 and the Power Conversion Group achieved an operating profit of \$2.4 million, offset by unallocated corporate costs of \$2.5 million.

Interest expense of \$1.0 million for fiscal 2007 was \$0.3 million lower than the prior year due to a reduction in borrowings resulting from the paydown of US based debt with the proceeds of our March 2007 Right Offering partially offset by additional borrowings in Italy to support it's day to day operations.

On a consolidated basis, the Company recorded fiscal 2007 pretax income of \$7.4 million, comprised of foreign pretax income of \$8.2 million offset by a US pre-tax loss of \$0.8 million. The related fiscal 2007 income tax expense of \$3.6 million was due to foreign taxes on the profits of Villa. During fiscal 2006, the Company recorded pretax income of \$2.1 million which included foreign pretax income of \$3.7 million, offset by a US pretax loss of \$1.6 million. The Company has not provided for any income tax benefits related to the US pretax losses in either fiscal 2007 or fiscal 2006 due to uncertainty regarding the realizability of its US net operating loss carry forwards as explained in Critical Accounting Policies above.

Fiscal 2006 Discontinued Operations reflects the accrual of an estimated liability of \$0.2 million related to a New York State Sales tax audit of the Company's prior DHV business sold in October 2004.

Reflecting the above, we recorded net income of \$3.8 million, or \$0.24 per basic share and \$0.23 per diluted share, in fiscal 2007, as compared to a net income of \$0.1 million, or \$0.01 per basic and diluted share, in fiscal 2006.

## FISCAL 2006 COMPARED TO FISCAL 2005

Consolidated net sales of \$83.0 million for fiscal year 2006 decreased by \$1.9 million, or 2.2%, from fiscal 2005 net sales of \$84.9 million, with decreases at both the Power Conversion Group and Medical Systems Group. The Medical Systems Group's sales for fiscal 2006 of \$70.3 million decreased \$0.5 million, or 0.7%, from the prior fiscal year, with increases at our international location across several product lines, more than offset by decreases at its domestic location. International sales for the prior fiscal period included shipments of \$8.8 million under an international Romanian sales order. The Power Conversion Group's sales for fiscal 2006 of \$12.7 million

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decreased by \$1.4 million, or 9.9%, from the prior year's levels, reflecting catch-ups of late orders from fiscal 2004 during fiscal 2005 and decreased demands from an OEM customer in fiscal 2006 due to a planned move of this production to a customer owned facility.

Consolidated backlog at July 28, 2006, was \$22.4 million, compared to backlog at July 30, 2005 of approximately \$14.6 million. The backlog in the Power Conversion Group increased \$0.2 million from levels at the beginning of the fiscal year, and there was a \$7.6 million increase in the backlog at our Medical

Systems Segment, reflecting increases of \$0.4 million at our domestic location and \$7.2 million at our international location due to increased bookings during the fiscal 2006 period. Substantially all of the backlog should result in shipments within the next twelve months.

Gross margins as a percent of sales were 23.3% in fiscal 2006, compared to 26.3% in fiscal 2005. The Power Conversion Group margins were 35.5% in fiscal 2006 as compared to 41.0% in fiscal 2005 reflecting the \$1.4 million decrease in sales volume during the fiscal 2006 period. For the Medical Systems Group, fiscal 2006 gross margins of 21.1% were lower than gross margins of 23.3% in the prior year due to volume reductions at its domestic location and internationally due both to the effect of product mix and pricing pressure in the fiscal 2006 period.

Selling, General and Administrative expenses ("SG&A") for fiscal 2006 were \$13.6 million (16.4% of sales) compared to \$16.5 million (19.4% of sales) in fiscal 2005. The decrease in SG&A in fiscal 2006 is primarily due to reduced corporate legal and accounting costs of \$0.7 million, and reduced selling costs in both the Power Conversion Group and the Medical Systems Group of \$0.6, as well as due to higher costs in fiscal 2005 related to a review of strategic alternatives of \$1.0 million.

Litigation settlement costs of \$0.7 million recorded in fiscal 2006 include the accrual of \$0.6 million based on a November 2005 settlement of litigation filed during fiscal 2005 by the potential buyers of the Company's Medical Systems Group. The Company previously disclosed this litigation but had not recorded any affiliated expense during fiscal 2005, as it had no basis at that time upon which to estimate either the outcome or amount of loss. The fiscal 2006 cost also includes the settlement of two employment actions at our foreign subsidiary totaling \$0.2 million and the reversal of a \$0.1 million accrual related to a previously settled litigation. Fiscal 2005 included \$0.3 million related to the final settlement of the previously disclosed DOD investigation of our RFI subsidiary.

As a result of the above, we recognized fiscal 2006 operating income of \$3.5 million compared to operating income of \$3.9 million in fiscal 2005. The Medical Systems Group had an operating profit of \$3.6 million in fiscal 2006 and the Power Conversion Group achieved an operating profit of \$2.4 million, offset by unallocated corporate costs of \$2.5 million. In fiscal 2005, the Medical Systems Group had an operating profit of \$5.6 million and the Power Conversion Group achieved an operating profit of \$2.8 million, offset by unallocated corporate costs of \$4.5 million.

Interest expense for fiscal 2006 was slightly lower than the prior year as increased borrowings and higher interest rates were offset by decreases due to fees incurred in the prior year in conjunction with modifications to the Company's domestic revolving credit facility. In addition, the Company's new credit facility entered into on August 1, 2005, eliminated an unfavorable floor borrowing interest calculation and certain monthly fees that were in effect under the previous lending facility.

On a consolidated basis, the Company recorded fiscal 2006 pretax income of \$2.1 million, comprised of foreign pretax income of \$3.6 million offset by a US pre-tax loss of \$1.5 million. The related fiscal 2006 income tax expense of \$1.7 million was primarily due to foreign taxes on the profits of Villa and includes a provision of \$0.4 million in the US to provide for deferred taxes on the undistributed earnings of Villa. During fiscal 2005, the Company recorded pretax income of \$2.6 million which included foreign pre-tax income of \$3.8 million, offset by a US pretax loss of \$1.2 million. The Company has not provided for any income tax benefits related to the US pretax losses in either fiscal 2006 or fiscal 2005 due to uncertainty regarding the realizability of its US net operating loss carry forwards as explained in Critical Accounting Policies above.

Fiscal 2006 Discontinued Operations reflects the accrual of an estimated liability of \$0.2 million related to a New York State Sales tax audit of its Valhalla location, including the DHV business sold in October 2004. The Discontinued Operations operating results for fiscal 2005 reflect income from operations of \$0.2 million from the DHV division.

Reflecting the above, we recorded net income of \$0.1 million, or \$0.01 per basic and diluted share, in fiscal 2006, as compared to a net income of \$0.4 million, or \$0.04 per basic share and \$0.03 per diluted share, in fiscal 2005.

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#### LIQUIDITY AND CAPITAL RESOURCES

##### FISCAL 2007 COMPARED TO FISCAL 2006

We fund our investing and working capital needs through a combination of cash flow from operations and short-term credit facilities and the proceeds from our Right Offering discussed below.

Working Capital -- At July 28, 2007 and July 29, 2006, our working capital was approximately \$25.0 million and \$6.9 million, respectively. The increase in ending working capital for fiscal 2007 as compared to fiscal 2006 relates primarily to unused cash and cash equivalents from the Rights Offering discussed below, increases in ending inventories and accounts receivable and decreases in short-term debt offset by an increase in trade accounts payable.

At July 28, 2007 and July 29, 2006 we had approximately \$8.0 million and \$0.3 million, respectively, in cash and cash equivalents. The increase is primarily due to cash generated from operations, the net proceeds of the Rights Offering discussed below, offset by domestic revolver and debt repayments. As of July 28, 2007, we had approximately \$9.0 million of excess borrowing availability under our domestic revolving credit facility compared to \$1.0 million at July 29, 2006.

In addition, as of July 28, 2007 and July 29, 2006, our Villa subsidiary had an aggregate of approximately \$11.0 million and \$4.4 million, respectively, 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 our US subsidiaries.

Cash Flows from Operating Activities -- For the year ended July 28, 2007, the

Company generated approximately \$4.0 million of cash for continuing operations, compared to \$0.3 million in the prior fiscal year due primarily to an increase in net income and a larger increase in accounts and income taxes payable partially offset by a larger increase in inventories.

Cash Flows from Investing Activities -- We made approximately \$0.8 million in facility improvements and capital equipment expenditures for the fiscal year ended July 28, 2007 and for the comparable prior fiscal year period. We also used approximately \$2.6 million to fund the cash portion of the purchase of the minority interest in our Italian subsidiary in fiscal 2006.

Cash Flows from Financing Activities - During the year ended July 28, 2007, we generated \$4.2 million in net cash from financing activities versus \$2.1 million for the fiscal year ended July 29, 2006 due primarily to the net proceeds of our Rights Offering completed in March of 2007, The Rights Offering, discussed below, generated total proceeds to the Company, net of expenses related of \$12.4 million. Approximately \$7.6 million of the proceeds were used for debt repayment and the remainder invested in short-term money market securities. In addition, the Company received \$0.7 million in payment of the exercise price of stock options and warrants. During the year ended July 29, 2006, the Company refinanced its domestic credit agreement and borrowed \$2.0 million under a term loan. In addition, the Company borrowed a net \$0.8 million under revolving credit facilities and received \$0.2 million in payment of the exercise price of stock options. The Company made a total of \$1.0 million in payments of long term debt during fiscal 2006.

The following table summarizes our contractual obligations, including debt and operating leases at July 28, 2007 (in thousands):

	TOTAL (1)	WITHIN 1 YEAR	2-3 YEARS	4-5 YEARS	AFTER 5 YEARS
Long-Term Debt Obligations .....	\$3,834	\$ 698	\$1,968	\$ 899	\$ 269
Capital Lease Obligations .....	2,650	389	860	1,401	--
Interest .....	479	166	250	63	--
Operating Lease Obligations .....	759	329	355	75	--
Total Contractual Cash Obligations ....	\$7,722	\$1,582	\$3,433	\$2,438	\$ 269

(1) As of July 28, 2007, we did not have any outstanding borrowings under our revolving credit facilities in the US or in Italy.

Credit Facility and Borrowing -- On August 1, 2005, the Company entered into a three-year revolving credit and term loan facility with North Fork Business Capital (the "North Fork Facility") and repaid the prior facility. The North Fork Facility provides for a \$6 million formula based revolving credit facility based on the Company's eligible accounts receivable and inventories as defined in the credit agreement. In addition, the Company borrowed \$2 million under a term loan facility secured by the Company's Bay Shore, New York building. Interest on the revolving credit borrowings is payable at prime plus 0.5% or alternatively at a LIBOR rate plus 2.5%. The \$2 million term loan was repayable in 36 monthly installments of \$16,667 with a balloon payment of the remaining balance due at the maturity in 2008. Interest on the term loan was payable

monthly at prime plus 0.75% or a LIBOR rate plus 2.75%. As of July 28, 2007, the Company had approximately \$6.7 million of availability under the North Fork Facility, of which North Fork has reserved \$1 million against possible litigation settlements. The term loan was extinguished and the revolver was paid down to \$0 with a portion of the proceeds received from a March 2007 Rights Offering discussed below. The North Fork Facility is subject to commitment fees of 0.5% per annum on the daily-unused portion of the facility, payable monthly. The Company granted a security interest to the lender on its US credit facility in substantially all of its accounts receivable, inventories, property plant and equipment, other assets and intellectual property in the US.

As of the end of the fourth quarter of fiscal 2006, the Company was non-compliant with the following covenants: the Adjusted US Earnings, Adjusted Earnings, Senior US Debt Ratio and Fixed Charge Coverage Ratio covenants under the North Fork Facility, due to the lower than anticipated performance during fiscal 2006. On October 25, 2006, the Company and North Fork signed an amendment to the facility that waived the non-compliance with these covenants for the fourth quarter of fiscal 2006 and adjusted the covenant levels going forward through the maturity of the credit facility. In addition the amendment reversed \$0.3 million of a sinking fund reserved for the March 2007 maturity of the subordinated shareholder notes and eliminated additional sinking fund reserves provisions related to the subordinated notes.

As of the end of the first quarter of fiscal 2007, the Company was non-compliant with the tangible net worth covenant under the North Fork Facility. On December 6, 2006, North Fork waived the non-compliance with this covenant for the first quarter of fiscal 2007 and adjusted the covenant levels going forward through the maturity of the credit facility.

As of the end of fiscal 2007, the Company was in compliance with all covenants under the North Fork Facility.

On June 1, 2007, the North Fork Facility was amended and restated. The amendment increases the revolving credit facility to a maximum amount of \$7.5 million and provides a capital expenditure loan facility up to \$1.5 million. Other changes to the terms and conditions of the original loan agreement include the modification of covenants, removal of the Villa stock as loan collateral and the removal of daily collateral reporting which was part of the previous asset-based facility requirements.

The Company received a dividend from its Villa subsidiary in October 2006 of approximately \$1.560 million which was used to pay down amounts outstanding under the North Fork Facility, in accordance with provisions of the facility.

Our Villa subsidiary maintains short term credit facilities which are renewed annually with Italian banks. Currently, these facilities are not being utilized and the balance due at July 28, 2007 is \$0. Interest rates on these facilities are variable and currently range from 3.7-13.75%.

In October 2006, Villa entered into a 1.0 million Euro loan for financing of

R&D projects, with an option for an additional 1 million Euro upon completion of 50% of the projects. Interest payable is at Euribor 3 months plus 1.3 points, currently 5.475%. The spread may be reduced to 1.04 points upon completion of the project if objectives are achieved. The note is repayable over a 7 year term, with reimbursement starting in September 2008. The note contains a financial covenant which provides that the net equity of Villa cannot fall below 5.0 million Euros. This covenant could limit Villa's ability to pay dividends to the US parent company in the event of future losses, future dividends or other events should cause Villa's equity to fall below the defined level.

In December 2006, Villa entered into a 1.0 million Euro loan with interest payable at Euribor 3 months plus 0.95 points, currently 5.125%. The loan is repayable in 4 years.

Villa was party to a 1.6 million Euro loan which was extinguished in March 2007. Two final installments for a total of 0.3 million Euro were repaid in fiscal year 2007.

Villa is also party to two Italian government long-term loans with a fixed interest rate of 3.425% with principal payable annually through maturity in February and September 2010. At the end of fiscal year 2007, total principal due is 2.3 million Euro. Villa manufacturing facility is subject to a capital lease obligation which matures in 2011 with an option to purchase. Villa is in compliance with all related financial covenants under these short and long-term financings.

In connection with the settlement reached on January 29, 2002 with the plaintiffs in the class action litigation, the Company recorded the present value at 12% of the \$2 million of subordinated notes that were issued in April 2002 and matured in March 2007. The subordinated notes did not pay interest currently, but accrued interest at 6% per annum, and were recorded at issuance at a discounted present value of \$1.5 million. The balance was paid on March 29, 2007 with a portion of the proceeds from a Rights Offering described below.

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During fiscal 2005, the Company applied to the Pension Benefit Guaranty Corp and to the IRS for a determination letter and approval to terminate this plan. In the fourth quarter of fiscal 2005, the Company recognized a related non-cash charge of approximately \$0.5 million to write off the pension assets on its balance sheet in recognition of the formal decision to terminate the plan. In preparation for the plan termination, during fiscal 2005 the Company fully funded the expected cash disbursement of \$0.2 million dollars. The Company received the IRS determination letter approving the final settlement during the second quarter of fiscal 2006 and fully paid out all of the plan participants in March 2006.

On December 12, 2006, the Company filed a registration statement for a subscription Rights Offering with the SEC that became effective January 30, 2007. Under the terms of this Rights Offering, the Company distributed to shareholders of record as of February 5, 2007, non-transferable subscription rights to purchase one share of the Company's common stock for each share owned at that date at a subscription price of \$1.05 per share. On March 12, 2007, the Company completed the Rights Offering, selling 12,027,378 shares of its common stock at \$1.05 per share. Total proceeds to the Company, net of expenses related to the Rights Offering, were \$12.4 million.

The purpose of this Rights Offering was to raise equity capital in a cost-effective manner. Approximately \$7.6 million of the proceeds were used for debt repayment and the remainder invested in short-term money market securities for anticipated working capital needs and general corporate purposes. A portion of the net proceeds may also ultimately be used to acquire or invest in businesses, products and technologies that Company management believes are complementary to the Company's business.

In addition, on January 22, 2007, the Company entered into a stockholders rights plan (the "Rights Plan"). The Rights Plan provides for a dividend distribution of one Common Stock purchase right for each outstanding share of the Company's Common Stock. The Company's Board of Directors adopted the Rights Plan to protect stockholder value by protecting the Company's ability to realize the benefits of its net operating losses ("NOLs") and capital loss carryforwards. The Company has experienced substantial operating and capital losses in previous years. Under the Internal Revenue Code and rules promulgated by the IRS, the Company may "carry forward" these losses in certain circumstances to offset current and future earnings and thus reduce its federal income tax liability, subject to certain requirements and restrictions. Assuming that the Company has future earnings, the Company may be able to realize the benefits of NOLs and capital loss carryforwards. These NOLs and capital loss carryforwards constitute a substantial asset to the Company. If the Company experiences an "Ownership Change," as defined in Section 382 of the Internal Revenue Code, its ability to use the NOLs and capital loss carryforwards could be substantially limited or lost altogether. In general terms, the Rights Plan imposes a significant penalty upon any person or group that acquires certain percentages of the Company's common stock by allowing other shareholders to acquire equity securities at half their fair values.

The Company had an employment agreement with Samuel Park, a previous Chief Executive Officer ("CEO"), for the period May 1, 2001 to April 30, 2004. The employment agreement provided for certain payments in the event of a change in the control of the Company.

On October 10, 2003, the Company announced the appointment of Walter F. Schneider as President and CEO to replace Mr. Park, effective as of such date. As a result, the Company recorded a charge of \$0.2 million during the first quarter of fiscal 2004 to accrue the balance remaining under Mr. Park's employment agreement.

The Company's employment agreement with Mr. Park provided for payments upon certain changes of control. The Company's Board of Directors elected at the Company's Annual Meeting of Shareholders held on May 29, 2003, had reviewed the "change of control", provisions regarding payments totaling up to approximately \$1,800,000 under the employment agreement between the Company and Mr. Park. As a result of this review and based upon, among other things, the advice of special counsel, the Company's Board of Directors has determined that no obligation to pay these amounts has been triggered. Prior to his departure from the Company on October 10, 2003, Mr. Park orally informed the Company that, after reviewing the matter with his counsel, he believed that the obligation to pay these amounts has been triggered. On October 27, 2003, the Company received a letter from Mr. Park's counsel demanding payment of certain sums and other consideration

pursuant to the Company's employment agreement with Mr. Park, including these change of control payments. On November 17, 2003, the Company filed a complaint in the United States District Court, Southern District of New York, against Mr. Park seeking a declaratory judgment that no change in control payment was or is due to Mr. Park, and that an amendment to the employment contract with Mr. Park regarding advancement and reimbursement of legal fees is invalid and unenforceable. Mr. Park answered the complaint and asserted counterclaims seeking payment from the Company based on his position that a "change in control" occurred in June 2003. Mr. Park is also seeking other consideration he believes he is owed under his employment agreement. The Company filed a reply to

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Mr. Park's counterclaims denying that he is entitled to any of these payments. Discovery in this matter was conducted and completed. Following discovery, the Company and Mr. Park filed motions for summary judgment on the issues related to change in control and the amendment to the employment agreement, which motions have been fully submitted to the Court for consideration. To date, no decision has been issued by the Court on these motions. If Mr. Park prevails on his claims and the payments he seeks are required to be paid in a lump sum, these payments may have a material adverse effect on the Company's liquidity. It is not possible to predict the outcome of these claims. However, the Company's Board of Directors does not believe that such a claim is reasonably likely to result in a material decrease in the Company's liquidity in the foreseeable future. The Company has not recorded an accrual for any potential settlement of this claim as it has no basis upon which to estimate either the outcome or amount of loss, if any.

On June 28, 2002, Jeffrey N. Moeller, the former Director of Quality Assurance and Regulatory Affairs of Del Medical, commenced an action in the Circuit Court of Cook County, Illinois, against the Company, Del Medical and Walter Schneider, the former President of Del Medical. In the most current iteration of this pleading, the third amended complaint, Mr. Moeller alleges four claims against the defendants in the action: (1) retaliatory discharge from employment with Del Medical, allegedly in response to Mr. Moeller's complaints to officers of Del Medical about purported prebilling and his stopping shipment of a product that allegedly did not meet regulatory standards, (2) defamation, (3) intentional interference with his employment relationship with Del Medical and prospective employers, and (4) to hold the Company liable for any misconduct of Del Medical under a theory of piercing the corporate veil. By order dated September 15, 2006, the Court denied in part and granted in part defendants' motion requesting summary judgment dismissing the third amended complaint. The Court granted the motion only to the extent of dismissing that part of Mr. Moeller's claim of interference with his employment relationship with Del Medical and his relationship with prospective employers, addressed to alleged interference with his relationship with prospective employers. The parties appeared for mediation in January 2007 but the mediation did not result in a disposition of the action. Accordingly, it appears that the action will proceed to trial. A status conference before the Court was held March 8, 2007, and subsequently, a trial date had been scheduled for October 1, 2007. The trial date has been postponed due to the unavailability of a witness for the plaintiff. A trial date has been scheduled of January 28, 2008. The Company and Del Medical intend to defend vigorously against Mr. Moeller's claims. Mr. Moeller is seeking \$2.37 million in damages consisting of alleged income loss, including salary and benefits, and the present value of his alleged lost income and benefits in the future after lump sum tax adjustments. The Company has recorded an accrual of \$0.1 million relating to potential liability in the settlement of these claims.

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

The Company is a defendant in several other legal actions in various US and foreign jurisdictions arising from the normal course of business. Management believes the Company has meritorious defenses to such actions and that the outcomes will not be material to the Company's consolidated financial statements.

On December 23, 2005, the Company acquired the remaining 20% of Villa for \$2.6 million plus 904,762 restricted shares of Company common stock. These shares were valued at \$3.26 a share, or \$3.0 million, and are subject to SEC Rule 144 limitations as to holding periods and trading volume limitations. Goodwill in the amount of \$4.5 million was recorded and \$0.9 million of minority interest was reversed after recognition of a \$0.4 million dividend. Due to the previous 80% ownership interest existing at the time of the original acquisition, the assets and liabilities of the Villa subsidiary were fully consolidated before the transaction and considered to be at fair market value with no additional adjustments necessary.

The Company did not have any investments in unconsolidated variable interest entities or other off balance sheet arrangements during any of the periods presented in this Annual Report on Form 10K.

The Company anticipates that cash generated from the Rights Offering noted above, operations and amounts available from credit facilities will be sufficient to satisfy currently projected operating cash needs for at least the next twelve months.

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#### EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS

In June 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109, "Accounting for Income Taxes" ("SFAS 109")", to clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken

or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. The adoption of FIN 48 is not expected to have a material impact on the Company's results of operations or its financial position.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Current Year Misstatements." SAB 108 requires analysis of misstatements using both an income statement (rollover) approach and a balance sheet (iron curtain) approach in assessing materiality and allows for a one-time cumulative effect transition adjustment. SAB 108 was effective for our fiscal year 2007 annual financial statements, and did not have any impact on our results of operations or our financial position.

In September 2006, the FASB issued SFAS No 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. This statement is effective for the Company beginning July 1, 2008. The Company has not evaluated the impact that the adoption of SFAS No. 157 will have on its financial statements at this time.

In February 2007, the FASB released SFAS No. 159, "Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years. The Company has not evaluated the impact that the adoption of SFAS No. 159 will have on its financial statements at this time.

#### ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not ordinarily hold market risk sensitive instruments for trading purposes. We do, however, recognize market risk from interest rate and foreign currency exchange exposure.

#### INTEREST RATE RISK

Our US revolving credit and Italian subsidiary's long-term debt incur interest charges that fluctuate with changes in market interest rates. See Note 8 of Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report. Based on the balances as of July 28, 2007, an increase of 1/2 of 1% in interest rates would increase interest expense by approximately \$32,000 annually. There is no assurance that interest rates will increase or decrease over the next fiscal year. Because we believe this risk is not material, we do not undertake any specific steps to reduce or eliminate this risk.

#### FOREIGN CURRENCY RISK

The financial statements of Villa are denominated in Euros. Based on our historical results and expected future results, Villa accounts for approximately 54% to 61% of our total revenues, based in part on the rate at which Villa's Euro denominated financial statements have been or will be converted into US dollars. In addition, over the last three years, Villa has contributed positive operating income, as compared to our consolidated operating losses. Having a portion of our future income denominated in Euros exposes us to market risk with respect to fluctuations in the US dollar value of future Euro earnings. A 5% decline in the value of the Euro in fiscal 2007, for example, would have reduced sales by approximately \$3.1 million, and would have decreased our consolidated income from continuing operations by approximately \$440,000 (due to the reduction in the US dollar value of Villa's operating income.)

#### ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The consolidated financial statements of the Company, including the notes to all such statements and other supplementary data are included in this report beginning on page F-1.

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#### ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

NONE

#### ITEM 9A CONTROLS AND PROCEDURES

##### EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company, under the supervision and with the participation of the Company's management, including James A. Risher, Chief Executive Officer, and Mark A. Zorko, Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's "disclosure controls and procedures", as such term is defined in Rules 13a-15e and 15d-15e promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this Annual Report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this Annual Report to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Securities Act of 1934, as amended, is recorded, processed, summarized and

reported within the time periods specified in SEC rules and forms.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In the ordinary course of business, the Company routinely enhances its information systems by either upgrading its current systems or implementing new systems. There were no changes in the Company's internal controls or in other factors that could significantly affect these controls, during the Company's fourth quarter ended July 28, 2007, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B OTHER INFORMATION

Not applicable.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The names and ages of each director and executive officers of the Company, each of their principal occupations at present and for the past five (5) years and certain other information about each, are set forth below:

Name	Age	All Offices With the Company	Director Since
Gerald M. Czarnecki	67	Director	2003
James R. Henderson	49	Chairman of the Board and Director	2003
General Merrill A. McPeak	71	Director	2005
James A. Risher	65	Director, President and Chief Executive Officer	2005
			Officer Since
Mark A. Zorko	55	Chief Financial Officer	2006
Mark A. Koch	48	Former Treasurer and Principal Accounting Officer	2004 Resigned 2006

GERALD M. CZARNECKI has been a member of the Company's Board of Directors since June 3, 2003. He has served as the Chairman of The Deltennum Corporation, a privately held holding company ("Deltennum"), since November 1995. Mr. Czarnecki is also currently serving as President & CEO of Junior Achievement Worldwide, Inc. and is Managing Director of O2Media Inc. Mr. Czarnecki had a broad career as a corporate executive including serving as Chairman & CEO of Honfed Bank, a multi-billion dollar bank; President of UNC Inc., a manufacturing and services company in the aviation industry; and Senior Vice President of Human Resources and Administration of IBM, the world's largest computer company. Mr. Czarnecki is a frequent speaker and seminar leader on a broad range of corporate governance issues and serves on a number of corporate boards. He has served as a member of the Board of Directors and Chairman of the Audit Committee of State Farm Insurance Companies since 1998; He is Chairman of the Board of Directors of the National Association of Corporate Directors, Florida Chapter and is Chairman of The National Leadership Institute, a non-profit organization committed to improving non-profit Leadership and Corporate Governance. Mr. Czarnecki has a B.S. in Economics from Temple University and an M.A. in Economics from Michigan State University and is a CPA.

JAMES R. HENDERSON has been a member of the Company's Board of Directors since November 20, 2003 and Chairman of the Board since May 12, 2005. Mr. Henderson has served as a Vice President of Steel Partners, Ltd., a management and advisory company, since March 2002. Mr. Henderson served as a Vice President of Steel Partners Services, Ltd. from August 1999 through March 2002. Mr. Henderson has served as President and Chief Operating Officer of WebFinancial Corporation ("WebFinancial"), which, through its operating subsidiaries, operates in niche banking markets, since November 2003 and as Chief Operating Officer and Director since June 2005. Mr. Henderson has served as a director of Angelica Corporation, an outsourced linen management services provider to the healthcare industry, since September 2006. He has also served as President of Gateway Industries, Inc., a provider of database development and website design and development services, since December 2001. Mr. Henderson has served as a director of SL Industries, Inc. ("SLI"), a manufacturer and marketer of power and data quality systems and equipment for industrial, medical, aerospace and consumer applications since January 2002. Mr. Henderson has served as a director of BNS Corporation since June 2004. Mr. Henderson served as a director of ECC International Corp., a manufacturer and marketer of computer controlled simulators for training personnel to perform maintenance and operation procedures on military weapons, from December 1999 until September 2003, and as acting Chief Executive Officer from July 2002 until March 2003. From January 2001 to August 2001, Mr. Henderson served as President of MDM Technologies, Inc., a direct mail and marketing company. From 1996 to July 1999, Mr. Henderson was employed in various positions with Aydin Corporation which included tenure as President and Chief Operating Officer from October 1998 to June 1999.

Prior to his employment with Aydin Corporation, Mr. Henderson was employed as an executive with UNISYS Corporation, an e-business solutions provider. Mr. Henderson earned a B.S. in Accounting from the University of Scranton.

GENERAL MERRILL A. MCPEAK has been a member of the Company's Board of Directors since April 27, 2005. General McPeak is the President of McPeak and Associates, a management-consulting firm he founded in 1995. General McPeak was Chief of Staff of the Air Force from November 1990 to October 1994, when he retired from active military service. General McPeak was for several years Chairman of ECC, International, a Florida-based simulation and training company. He has served as a director of several other public companies, including Tektronix and TWA. Currently, General McPeak is Chairman of the Board of Ethicspoint, Inc., a company providing confidential corporate governance compliance and whistleblower reporting services. He is a director of Sensis Corp., a privately held manufacturer of military radars and civilian air traffic control systems. He is an investor in and director of several public and private companies in the early development stage, including: Gigabeam (NASDAQ: GGBM), a supplier of high performance, high availability fiber-speed wireless communications; MathStar (NasdaqGM: MATH), a designer and marketer of specialized semiconductor integrated circuits; and Quintessence Photonics (OTC BB: QPCI.OB), a designer and manufacturer of high performance semiconductor laser diodes. General McPeak received a Bachelor of Arts degree in economics from San Diego State College and a Master of Science degree in international relations from George Washington University. He is a member of the Council on Foreign Relations, New York City.

JAMES A. RISHER has been a member of the Company's Board of Directors since April 27, 2005. On July 22, 2006, Mr. Risher became the Interim President and CEO of Del Global. On August 31, 2006 Mr. Risher became the President and CEO of the Company. Mr. Risher has been the Managing Partner of Lumina Group, LLC, a private company engaged in the business of consulting and investing in small and mid-size companies, since 1998. From February 2001 to May 2002, Mr. Risher served as Chairman and Chief Executive Officer of BlueStar Battery Systems International, Inc., a Canadian public company that is an e-commerce distributor of electrical and electronic products to selected automotive aftermarket segments and targeted industrial markets. From 1986 to 1998, Mr. Risher served as a director, Chief Executive Officer and President of Exide Electronics Group, Inc. ("Exide"), a global leader in the uninterruptible power supply industry. He also served as Chairman of Exide from December 1997 to July 1998. Mr. Risher has also been a director of SLI since May 2003 and a director of New Century Equity Holdings Corp., a holding company seeking to acquire a new business, since October 2004.

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#### ADDITIONAL EXECUTIVE OFFICERS OF THE COMPANY WHO ARE NOT DIRECTORS.

MARK A. ZORKO, 55, has served as our Chief Financial Officer from August 30, 2006. He continues as a CFO Partner at Tatum, LLC, a professional services firm where he has held financial leadership positions with public and private client companies. From 1996 to 1999, Mr. Zorko was Chief Financial Officer and Chief Information Officer for Network Services Co., a privately held distribution company. His prior experience includes Vice President, Chief Financial Officer and Secretary of Comptronix Corporation, a publicly held electronic system manufacturing company, corporate controller for Zenith Data Systems Corporation, a computer manufacturing and retail electronics company, and finance manager positions with Honeywell, Inc. Mr. Zorko was a senior staff consultant with Arthur Andersen & Co. Mr. Zorko served in the Marine Corps. from 1970 to 1973. He has served as a director of Guardian Technologies International, Inc. Mr. Zorko is on the audit committee for Opportunity Int'l, a microenterprise development organization, and on the Board of Directors for St. Alexius Medical Center. Mr. Zorko earned a BS degree in Accounting from The Ohio State University, an MBA from the University of Minnesota, and completed the FEI's Chief Financial Officer program at Harvard University. He is a certified public accountant and a member of the National Association of Corporate Directors.

MARK A KOCH, 48, served as our Treasurer and Principal Accounting Officer from August 24, 2004 and our Secretary from September 17, 2004, until his resignation from all positions held with the Company on October 30, 2006. Prior to his appointment as Treasurer and Principal Accounting Officer, Mr. Koch served as our Corporate Controller and Assistant Secretary since February 2003.

#### AUDIT COMMITTEE OF THE BOARD OF DIRECTORS; IDENTIFICATION OF AUDIT COMMITTEE FINANCIAL EXPERT.

The Board of Directors has a standing Audit Committee, the members of which are Gerald M. Czarnecki and General Merrill McPeak. The Board of Directors has determined that Mr. Czarnecki is an "audit committee financial expert" as defined in Item 401(h) of Regulation S-K. Although the Company is currently not listed on any exchange, both Mr. Czarnecki and Gen. McPeak are considered to be an "independent director" as defined in Rule 4200 of the Marketplace Rules of the National Association of Securities Dealers, Inc.

#### CODE OF BUSINESS CONDUCT AND ETHICS.

The Company has adopted a Code of Business Conduct and Ethics that applies to the Company's Chief Executive Officer and Principal Accounting Officer. The Company's Code of Business Conduct and Ethics is posted on the Company's website, [HTTP://WWW.DELGLOBAL.COM](http://www.delglobal.com).

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE.

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's officers and directors, and persons who own more than ten percent of a registered class of the Company's equity securities, to file reports of ownership on Form 3 and changes in ownership on Form 4 or Form 5 with the Securities and Exchange Commission (the "Commission"). Such officers, directors and 10% stockholders are also required by Commission rules to furnish the Company with copies of all Section 16(a) forms they file. Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons, the Company believes that during the fiscal year ended July 28, 2007, there was compliance with all Section 16(a) filing requirements applicable to its officers, directors and 10% stockholders. The Company knows of no failures to file a required Section 16(a) form during the fiscal year ended July 28, 2007.

## ITEM 11 EXECUTIVE COMPENSATION

### COMPENSATION DISCUSSION AND ANALYSIS

This compensation discussion and analysis describes the elements of compensation paid to each of the named executive officers who served in the fiscal year ended July 28, 2007. The discussion focuses primarily on the information contained in the following tables and related footnotes but may also describe compensation actions taken before or after the last completed fiscal year to the extent that such discussion enhances understanding of our compensation philosophy or policies. The Compensation Committee of the Board oversees the design and administration of our executive compensation program.

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### THE ROLE OF THE COMPENSATION COMMITTEE

The Compensation Committee is responsible for ensuring that the Company's executive compensation policies and programs are competitive within the markets in which the Company competes for talent and reflect the long-term investment interests of our shareholders. The Compensation Committee reviews and approves the executive compensation and benefits programs for all the Company's executive officers annually, usually in first quarter of each fiscal year. Any options that are granted as a result of the Compensation Committee's executive compensation review and approval process are only granted upon full Board approval of the option grant. The strike price of such options is set at the closing price of the Company's stock on the day the options were granted.

With respect to the Chief Executive Officer ("CEO"), the Compensation Committee reviews and approves corporate goals and objectives, evaluates the CEO's performance against these objectives, and makes recommendations to the Board regarding the CEO's compensation level based on that evaluation.

The CEO participates, together with the Compensation Committee, in the executive compensation process by:

- o approving perquisites valued at less than \$10,000 per year (all perquisites valued at greater than this amount are still approved by the Compensation Committee);
- o participating in informal discussions with the Compensation Committee regarding satisfaction of performance criteria by executive officers, other than the CEO;
- o providing the Board with recommendations as to who should participate in the Del Global Incentive Stock Plan and the size of option grants to such participants; and
- o assigning annual budget goals and other objectives that determine bonus awards for the CFO.

### COMPENSATION PHILOSOPHY AND OBJECTIVES

The Compensation Committee is responsible for ensuring that the Company's executive compensation policies and programs are competitive within the markets in which the Company competes for talent and reflect the long-term investment interests of our shareholders. The goal of the executive compensation program is to (a) attract, retain and reward executive officers who contribute to the Company's success and (b) align executive compensation with the achievement of the Company's business objectives and the creation of longer-term value for shareholders. The Compensation Committee also strives to balance short and long-term incentive objectives by establishing goals, performance criteria, evaluating performance and determining actual incentive awards that are both effective and efficient. While the Compensation Committee believes that stock ownership by executive officers is an effective way of aligning the common interests of management and shareholders to enhance shareholder value, the Company has not established equity ownership guidelines for its executive officers.

### RELATIONSHIP OF COMPANY PERFORMANCE TO EXECUTIVE COMPENSATION

When determining executive compensation, the Compensation Committee also takes into account the executives' performance in special projects undertaken during the past fiscal year, contribution to improvements in our financial situation, development of new products, marketing strategies, manufacturing efficiencies and other factors. During the 2007 fiscal year, the Compensation Committee focused particularly on progress with respect to improvement in the Company's revenue growth, operating earnings and the development of a long-term strategic plan for the Company that provides a platform for growth and a return to shareholders.

Satisfaction of certain performance criteria (including initiative, contribution to overall corporate performance and managerial ability) is evaluated after informal discussions with other members of the Board and, for all of the executives other than the CEO, after discussions with the CEO. No specific weight or relative importance was assigned to the various qualitative factors and compensation information considered by the Compensation Committee. Accordingly, the Company's compensation policies and practices may be deemed subjective, within an overall published framework based on both the financial and non-financial factors.

### ELEMENTS OF COMPENSATION

The Company's compensation program is comprised primarily of four elements: base salary, annual cash bonuses, long-term equity incentives and perquisites. Together, these four elements are structured by the Compensation Committee to provide our named executive officers with cumulative total compensation consistent with our executive compensation philosophy described above. Each of these elements plays an important role in balancing executive rewards over short- and long-term periods, based on our program objectives.

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#### 1. BASE SALARY

Our base salary levels reflect a combination of factors, including competitive pay levels relative to our peers, the executive's experience and tenure, our overall annual budget for merit increases and pre-tax profit, the executive's individual performance, and changes in responsibility. We review salary levels annually to recognize these factors. We do not target base salary at any particular percent of total compensation. The base salary for our CEO and CFO is set forth in their employment agreements, which are described in more detail below.

Our executive salary levels are intended to be consistent with competitive salary levels and job responsibilities of each executive. Salary increases reflect competitive and economic trends, our overall financial performance and the performance of the individual executive.

## 2. ANNUAL CASH BONUSES

The purpose of the annual cash bonus is to provide a competitive annual cash incentive opportunity that rewards both the Company's performance toward corporate goals and objectives and also individual achievements. The annual bonus is a short-term annual incentive paid in cash pursuant to arrangements that cover all executive officers, including the CEO, and provide that a bonus will be paid upon the achieving the Company's annual budget and attaining specific objectives assigned by the Board of Directors of the Company. For fiscal year 2007, our CEO and CFO were eligible to receive an annual bonus with a target of 60% and 45% of their annual base salary respectively.

## 3. LONG TERM EQUITY INCENTIVES

### A. DEL GLOBAL STOCK OPTION PLAN

The purpose of the Del Global Amended and Restated Stock Option Plan (the "DGTC Plan"), is to provide for the granting of incentive stock options and non-qualified stock options to the Company's executive officers, directors, employees and consultants. The Compensation Committee administers the DGTC Plan. Among other things, the Compensation Committee: (i) determines participants to whom options may be granted and the number of shares to be granted pursuant to each option, based upon the recommendation of our chief executive officer; (ii) determines the terms and conditions of any option under the DGTC Plan, including whether options will be incentive stock options, within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified stock options; (iii) may vary the vesting schedule of options; and (iv) may suspend, terminate or modify the DGTC Plan. Any Compensation Committee recommendations of awards, options or compensation levels for senior executive officers are approved by the entire Board, excluding any management directors.

Under the DGTC Plan, incentive stock options have an exercise price equal to their fair market value as of the grant date and, unless earlier terminated, are exercisable for a period of ten (10) years from the grant date. Non-qualified stock options may have an exercise price that is less than, equal to or more than the fair market value on the grant date and, unless earlier terminated, are exercisable for a period of up to ten (10) years from their grant date.

For the fiscal year ended July 28, 2007, under the terms of the DGTC Plan, the Company granted (a) James A. Risher an option to purchase 120,000 shares of the Company's common stock and (b) Mark A. Zorko, through two separate option grants, the first being options to purchase 60,000 shares of the Company's common stock and the second being options to purchase 20,000 shares of the Company's common stock.

### B. 2007 INCENTIVE STOCK PLAN

The 2007 Incentive Stock Plan (the "2007 Plan") is designed to provide an incentive to, and to retain in the employ of the Company and any Subsidiary of the Company, within the meaning of Section 424(f) of the United States Internal Revenue Code of 1986, as amended, directors, officers, consultants, advisors and employees with valuable training, experience and ability; to attract to the Company new directors, officers, consultants, advisors and employees whose services are considered valuable and to encourage the sense of proprietorship and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries.

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The 2007 Plan is administered by the Compensation Committee, which has full power and authority to designate recipients of options (as defined in the 2007 Plan) and restricted stock under the 2007 Plan and to determine the terms and conditions of the respective option and restricted stock agreements and to interpret the provisions and supervise the administration of the 2007 Plan. The Compensation Committee also has the authority to designate which options granted under the 2007 Plan will be incentive options and which shall be nonqualified options.

## 4. PERQUISITES

The Company's compensation program also includes other benefits and perquisites. These benefits include annual matching contributions to certain executive officers' 401(k) plan accounts, car allowances, living allowances and tax gross-ups to cover taxes on certain benefits. We are selective in our use of perquisites, attempting to utilize perquisites that are within range of modest to competitive within our industry. The Compensation Committee has delegated authority to the CEO to approve such perquisites for other executive officers, but the Compensation Committee must separately approve any perquisites that exceed \$10,000 per year.

## IMPACT OF TAX AND ACCOUNTING

As a general matter, the Compensation Committee always considers the various tax and accounting implications of compensation elements employed by the Company and attempts to structure such compensation in a tax efficient manner. When determining amounts of long-term incentive grants to executives and employees, the Compensation Committee examines the accounting cost associated with the grants.

Current compensation levels for our named executive officers are significantly lower than \$1 million at which tax deductions are limited under Internal Revenue Code Section 162(m). In the event that future annual total compensation for any named executive officer exceeds the \$1 million threshold, the Compensation Committee intends to balance tax deductibility of executive

compensation with its responsibility to retain and motivate executives with competitive compensation programs. As a result, the Compensation Committee may take such actions as it deems in the best interests of shareholders, including: (i) provide non-deductible compensation above the \$1 million threshold; (ii) require deferral of a portion of the bonus or other compensation to a time when payment may be deductible by the Company; and/or (iii) modify existing programs to qualify bonuses and other performance-based compensation to be exempt from the deduction limit.

SUMMARY COMPENSATION TABLE

The following table sets forth all compensation awarded to, paid to or earned by the following type of executive officers for the fiscal year ended July 28, 2007: (i) individuals who served as, or acted in the capacity of, the Company's principal executive officer for the fiscal year ended July 28, 2007; (ii) individuals who served as, or acted in the capacity of, the Company's principal financial officer for the fiscal year ended July 28, 2007; (iii) the Company's most highly compensated executive officers, other than the chief executive and chief financial officer, who were serving as executive officers at the end of the fiscal year ended July 28, 2007 (of which there were none) and (iv) up to two additional individuals for whom disclosure would have been provided but for the fact that the individual was not serving as an executive officer of the Company at the end of the fiscal year ended July 28, 2007 (of which there was one). We refer to these individuals collectively as our "named executive officers."

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SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation				All Other Compensation(2)	Total
		Salary (\$)(1)	Bonus (\$)(1)	Stock Awards	Option Awards(5)		
James A. Risher, Chief Executive Officer	2007	\$274,615	\$224,324	\$--	\$ 51,171	\$167,686	\$717,796
Mark A. Zorko, Chief Financial Officer	2007	\$214,300	\$131,291	\$--	\$ 23,526	\$ 6,844	\$375,961
Mark A. Koch(3) Treasurer and Principal Accounting Officer	2007	\$ 52,990	\$ --	\$--	\$ --	\$120,577(4)	\$173,567

- (1) The figures reported in the salary and bonus columns represent amounts earned and accrued for each year.
- (2) The amounts in this column include the following executive perquisites and other compensation for fiscal year 2007:

Benefit	James A. Risher	Mark A. Zorko	Mark A. Koch
(a) Living allowance	\$ 67,357	--	--
(b) Car Allowance	--	\$ 5,750	--
(c) 401(k) Match	--	\$1,094 (2(c))	--
(d) Tax Gross-Ups	\$ 41,162	--	--
(e) Other	\$59,167(2(e))	--	\$120,577 (4)
(f) Annual Total	\$167,686	\$ 6,844	\$120,577

NOTES:

- 2(c) Company-matching contribution of 50% of the first 4% of salary. Accelerated vesting schedule (100% vested in Company contributions after three (3) years of employment).
- 2(e) During fiscal year 2007, but prior to Mr. Risher's appointment as CEO, Mr. Risher received \$4,167 as compensation for his service to the Company as a Director and \$55,000 for his service to the Company as a consultant.
- (3) Mr. Koch served as the Company's Treasurer and Principal Accounting Officer until October 30, 2006.
- (4) Mr. Koch received separation payments totaling \$120,577 in fiscal year 2007.
- (5) Refer to Footnote 11 Shareholder Equity in Item 8 "Stock Option Plan And Warrants" for details of stock option plan terms, SFAS 123R valuation techniques and assumptions and the fair value of stock options granted.

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Grants Of Plan-Based Awards:

(a)	(b)	(i)	(j)	(k)	(l)
		All Other Stock Awards:	All Other Option Awards:		

Name	Grant Date	Number of Shares of Stock or Units (#)	Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/sh)	Grant Date Fair Value of Stock and Option Awards (\$)
James A. Risher, Chief Executive Officer	8/31/2006	--	120,000(1)	1.50	118,800
Mark A. Zorko, Chief Financial Officer	8/31/2006	--	60,000(2)	1.50	59,400
	11/17/2006	--	20,000(2)	2.00	26,200
Mark A. Koch Treasurer and Principal Accounting Officer	--	--	--	--	--

(1) Granted pursuant to the Company's DGTC Plan.

These stock options vest and become exercisable as to one-half of such shares on the first anniversary of the date of the grant and as to an additional 25% of such shares on the second and third anniversaries of the date of the grant, respectively.

(2) Granted pursuant to the Company's DGTC Plan.

These stock options vest and become exercisable as to 25% of such shares on the date of the option grant and 25% on each of the first, second and third anniversaries of the date of the grant.

EMPLOYMENT AGREEMENTS

A. JAMES A. RISHER EMPLOYMENT AGREEMENTS

The Company and Mr. Risher entered into a Letter Agreement, dated August 31, 2006 (the "Risher Employment Agreement"), providing for Mr. Risher's employment with the Company as its CEO and President. Pursuant to the Risher Employment Agreement, Mr. Risher was entitled to an annual salary of \$300,000 and received an option grant to purchase 120,000 shares of the Company's common stock pursuant to and in accordance with the Company's DGTC Plan. Such stock options vest and become exercisable as to one-half of such shares on the first anniversary of the date of the grant and as to an additional 25% of such shares on the second and third anniversaries of the date of the grant, respectively. Under the terms of the Risher Employment Agreement, Mr. Risher also received a living allowance of \$6,200 per month. In addition, Mr. Risher was eligible to receive an annual bonus with a target of 60% of his annual base salary based upon achieving the Company's annual budget and attaining specific objectives assigned by the Board. As a result of achieving these specific objectives in fiscal year 2007, Mr. Risher received a bonus of \$224,324.

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The Risher Employment Agreement has been superseded by Letter Agreement between the Company and Mr. Risher, dated September 19, 2007, setting forth the terms of Mr. Risher's continued employment by the Company as its CEO and President. For fiscal year 2008, Mr. Risher shall receive an annual base salary of \$320,000 as well as a living allowance of \$6,200 per month, which amount shall be "grossed up" for tax purposes. In addition, Mr. Risher will be eligible to receive an annual bonus with a target of 70% of his annual base salary, based on achieving the Company's annual budget and attaining specific objectives assigned by the Board. The annual bonus can be anywhere from 0% to 150% of the target.

B. MARK A. ZORKO EMPLOYMENT AGREEMENT

The Company and Mr. Zorko entered into a Letter Agreement, dated August 30, 2006 (the "Zorko Employment Agreement"), which remains in effect as of the date hereof, and provides for Mr. Zorko's employment with the Company as its Chief Financial Officer. Pursuant to the Zorko Employment Agreement, Mr. Zorko is entitled to an annual salary of \$245,000 and received an option grant to purchase 60,000 shares of the Company's common stock pursuant to and in accordance with the Company's DGTC Plan. Mr. Zorko is also entitled to receive an automobile allowance of \$575 per month. In addition, Mr. Zorko was eligible to receive an annual bonus with a target of 45% of his annual base salary based upon achieving the Company's annual budget and attaining specific objectives assigned by the CEO of the Company. As a result of achieving these specific objectives in fiscal year 2007, Mr. Zorko received a bonus of \$ 131,291.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END:

(a)	Option Awards					Stock Awards				
	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Price (\$)(1)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares or Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)	
James A. Risher, Chief	18,750(2)	6,250(2)	--	2.70	4/26/15					

Executive Officer	5,000(2)	5,000(2)	--	2.26	6/16/16	--	--	--	--
	30,000(2)	90,000(2)	--	1.50	8/31/16				
-----									
Mark A. Zorko, Chief Financial Officer	15,000(2)	45,000(2)	--	1.50	8/31/16				
	5,000(2)	15,000(2)	--	2.00	11/17/16	--	--	--	--
-----									
Mark A Koch, former Treasurer and Principal Accounting Officer	10,000(2)	--	--	--	--	--	--	--	--
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- (1) The exercise price per share of each option was equal to the closing price of the shares of Common Stock on the date of grant.
- (2) Granted pursuant to the Company's DGTC Plan.

POTENTIAL PAYMENTS UPON TERMINATION OR A CHANGE IN CONTROL

SEPARATION AGREEMENTS WITH CURRENT AND CERTAIN FORMER NAMED EXECUTIVE OFFICERS.

MARK A. ZORKO

Pursuant to the Zorko Employment Agreement, Mr. Zorko is entitled to a severance payment in the event his employment is terminated by the Company without cause. The severance payment is equal to one-year base salary, (currently \$245,000). The Company will make no such payment if employment is terminated for cause.

MARK A. KOCH

MR. KOCH SERVED AS THE COMPANY'S TREASURER AND PRINCIPAL ACCOUNTING OFFICER UNTIL OCTOBER 30, 2006.

The Company entered into a Separation Agreement and General Release dated as of September 7, 2006, (the "Koch Separation Agreement") with Mark A. Koch, the Company's former Principal Accounting Officer. The Koch Separation Agreement was filed as Exhibit 99.01 to the Company's Current Report on Form 8-K filed on September 7, 2006. The Koch Separation Agreement provided that Mr. Koch's last day of employment with the Company will be the first business day following the filing by the Company with the SEC of its Annual Report on Form 10-K for the fiscal year ending July 29, 2006, but in no event later than November 30, 2006, unless mutually agreed in writing by the parties (the "Termination Date"). The Separation Agreement also provided for a payment of one (1) year's base salary payable pro-rata over 12 months by the Company to Mr. Koch commencing with the first pay-day following the Termination Date; provided, however, that in the event the Company sells any of its assets or the assets of any of its U.S. Subsidiaries for cash and such sale results in net cash proceeds to the Company of at least \$5.0 million, then the Company shall pay to Mr. Koch any balance outstanding of the severance payment within ten (10) days after receipt by the Company of such net cash proceeds from such asset sale. Mr. Koch agreed to release and discharges the Company, as more fully described in the Koch Separation Agreement. Pursuant to the Koch Separation Agreement, Mr. Koch's last day of employment with the Company was October 30, 2006. The total amount to be paid to Mr. Koch in connection with the termination of his employment is \$165,000, \$120,577 of which was paid in fiscal 2007 and the remainder of which will be paid by October 30, 2007.

The Koch Separation Agreement supersedes a certain former Severance Benefits Agreement, dated May 23, 2005, between the Company and Mr. Koch, except that the terms and conditions of Article IV of the former Severance Benefits Agreement which concern obligations with respect to Company confidential information and trade secrets, survive and remain in full force and effect.

DIRECTOR COMPENSATION

The Company seeks highly qualified individuals to serve as outside directors and compensates them with a combination of cash fees and stock options grants. The Company also reimburses Directors for, or pays, travel costs associated with meeting attendance. There is no retirement plan for outside directors, and no program of perquisites. The Compensation Committee periodically assesses whether its compensation structure is competitive in terms of attracting and retaining the type and quality of outside directors needed.

STOCK OPTION AND COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Stock Option and Compensation Committee consists of Merrill A. McPeak as Chairman, Gerald M. Czarnecki and James R. Henderson. None of these individuals were at any time during the fiscal year ended July 28, 2007 or at any other time one of our officers or employees. Other than Mr. Risher, the

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Company's CEO, none of our executive officers serve as a member of the Board or the Compensation Committee of any other entity which has one or more executive officers serving as a member of our Board or Compensation Committee

DIRECTOR COMPENSATION:

(a)	(b)	(d)	(g)	(h)
Name	Fees Earned or Paid in Cash(1) (\$)	Option Awards(2) (\$)	All Other Compensation (\$)	Total (\$)
Gerald M. Czarnecki (5)	33,500	12,114	--	45,614

James R. Henderson (Chairman) (5)	41,000(3)	32,877	--	73,877
General Merrill A. McPeak (5)	33,500	21,890	--	55,390
James A. Risher (5)	4,167(4)	(4)	55,000(4)	59,167 (4)

(1) Fees consist of:

- o Each non-employee director receives an annual retainer of \$20,000;
- o Each non-employee director receives an additional fee of \$1,000 per each full length Board meeting attended (with lesser compensation for telephonic meetings, at the discretion of the chair of the Board or committee, as applicable);
- o Each non-employee member of each standing committee receives a fee of \$500 per each full-length committee meeting attended; and \$250 for shorter duration committee meetings attended; and
- o Chairs of the Board and the various standing committees, excepting the Audit Committee, receives double meeting fees. In lieu of the foregoing, the Chair of the Audit Committee receives an additional \$1,000 per Audit Committee meeting.

(2) During fiscal 2007, Mr. Czarnecki received a grant to purchase 12,500 shares of the Company's common stock at an exercise price of \$2.11 per share and an aggregate fair value of \$18,625; Mr. Henderson received grants to purchase 50,000 shares of the Company's common stock at an exercise price of \$1.65 per share and 15,000 shares of the Company's common stock at an exercise price of \$2.11 per share and aggregate fair values of \$54,500 and \$22,350 respectively and General McPeak received a grant to purchase 11,500 shares of the Company's common stock at an exercise price of \$2.11 per share and an aggregate fair value of \$17,135. Upon election to the Board, each non-employee member of the Board receives a one-time grant of 25,000 options to purchase the Company's Common Stock, with an exercise price equal to the fair market value on the date of grant. Effective as of June 13, 2006, Directors also received annual grants of 10,000 options commencing after their first year of service as a director. The Chairman of the Audit Committee receives an additional annual grant of 2,500 options. The Chairman of the Stock Option and Compensation Committee receives an additional annual grant of 1,500 options. The Chairman of the Governance and Nominating Committee receives an additional annual grant of 1,000 options (as long as such person is not the Chair of any other committee of the Board). The Chairman of the Board receives an additional annual grant of 5,000 options. The annual grants of stock options to directors in fiscal year 2007 were made pursuant to the DGTC Plan. Directors are also eligible to receive restricted stock and option awards under the terms of the Company's 2007 Plan. No awards were granted to directors under the 2007 Plan in Fiscal 2007. Refer to Footnote 11 Shareholder Equity in Item 8 "Stock Option Plan And Warrants" for details of stock option plan vesting terms, SFAS 123R valuation techniques and assumptions and the fair value of stock options granted.

(3) In addition to the above meeting fees, the Chairman of the Board receives \$750 per each day other than Board meeting days where he or she spends more than half of such day working at the Company facilities. This amount is included in the amount reflected in Column (b).

(4) As Mr. Risher is the Company's CEO, he is no longer eligible to receive any compensation for his service as a Director. Mr. Risher did receive compensation for his service to the Company as a Director prior to his appointment as CEO. Prior to Mr. Risher's appointment as CEO, he also provided advisory work to the company as a consultant. The amounts set forth in the table of Director Compensation reflect compensation received by Mr. Risher's prior to his appointment as CEO

(5) At July 28, 2007, Mr. Czarnecki held an aggregate of 50,000 options to purchase the Company's Common Stock, of which 34,375 were exercisable; Mr. Henderson held an aggregate of 106,000 options to purchase the Company's Common Stock, of which 49,250 exercisable; Mr. McPeak held an aggregate of 48,000

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options to purchase the Company's Common Stock, of which 27,375 were exercisable; Mr. Risher held an aggregate of 155,000 options to purchase the Company's Common Stock, of which 53,750 exercisable.

RESTRICTED STOCK AND OPTION AWARDS

Upon election to the Board, each non-employee member of the Board receives a one-time grant of 25,000 options to purchase the Company's Common Stock. The exercise price for such options is equal to the fair market price per share on the date of the grant, which is approved by the Compensation Committee. These options vest and become exercisable as to 25% of such shares on the date of the option grant, 25% on the first anniversary of the date of the grant and as to an additional 25% of such shares on the second and third anniversaries of the date of the grant, respectively, based on continued service through the applicable vesting date. Effective as of June 13, 2006, Directors also received annual grants of 10,000 options commencing after their first year of service as a director. The Chairman of the Audit Committee receives an additional annual grant of 2,500 options. The Chairman of the Stock Option and Compensation Committee receives an additional annual grant of 1,500 options. The Chairman of the Governance and Nominating Committee receives an additional annual grant of 1,000 options (as long as such person is not the Chair of any other committee of the Board). The Chairman of the Board receives an additional annual grant of 5,000 options. Directors are also eligible to receive restricted stock and option awards under the terms of the Company's 2007 Plan. No awards were granted to directors under the 2007 Plan in fiscal 2007. The annual grants of stock options to directors in fiscal year 2007 were made pursuant to the DGTC Plan.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed with management certain Executive Compensation and Compensation Discussion and Analysis provisions to be included in the Company's Annual Report filed on Form 10K, filed pursuant the Securities Exchange Act of 1934, as amended (the "Annual Report"). Based on the reviews and discussions referred to above, we recommend to the Board of Directors that the Executive Compensation and Compensation Discussion and Analysis provisions referred to above be included in the Company's Annual Report.

General Merrill A. McPeak, Chairman  
 Gerald M. Czarnecki  
 James R. Henderson

This Compensation Committee Report is not deemed incorporated by reference by any general statement incorporating by reference this Annual Report into any filing under the Securities Act of 1933, as Amended, or the Exchange Act, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under either such Acts.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes the securities authorized for issuance under equity compensation plans as of the end of Fiscal 2007:

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Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans(1)
Equity compensation plans approved by security holders: Stock Option Plan.....	1,913,993	\$ 3.51	941,000
Equity compensation plans not approved by security holders: Warrants issued in settlement of class action lawsuit(2).....	573,516	\$ 1.50	Not applicable

(1) Excludes securities to be issued upon exercise of outstanding options, warrants and rights.

(2) Pursuant to our class action settlement with our shareholders concerning allegations that the Company had violated federal Securities laws, we issued 2.5 million shares of our Common Stock and one million warrants to purchase our Common Stock at \$2.00 per share. The issuance of these securities was pursuant to a court order issued in connection with the settlement of this class action lawsuit in January 2002, and therefore was exempt from the registration requirements of the Securities Act of 1933 pursuant to Section 3(a) (10) thereof. These warrants were originally set to expire in March 2008. In a motion filed in February 2004, a plaintiff class claimed damages due to Del Global's failure to timely complete a registration statement for the shares of Common Stock issuable upon exercise of these warrants. The class sought damages of \$1.25 million together with interest and costs, and a declaration that \$2 million in subordinated notes issued as part of the 2002 class action settlement were immediately due and payable. In settlement of this matter, Del Global modified the exercise, or "strike," price of the warrants issued in 2002 from \$2.00 to \$1.50 per share, and extended the expiration date of such warrants by one year to March 28, 2009.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information concerning beneficial ownership of common stock of the Company outstanding at September 7, 2007 by each person or entity (including any "Group" as such term is used in Section 13(d) (3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), known by the Company to be the beneficial owner of more than five percent of its outstanding common stock. The percentage ownership of each beneficial owner is based upon 24,130,808 shares of common stock issued and outstanding as of September 7, 2007, plus shares issuable upon exercise of options, warrants or convertible securities (exercisable within 60 days after said date) that are held by such person or entity, but not those held by any other person or entity. The information presented in this table is based upon the most recent filings with the Commission by such persons or upon information otherwise provided by such persons to the Company.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Warren G. Lichtenstein c/o Steel Partners II, L.P. 590 Madison Avenue 32nd Floor New York, NY 10022	5,037,943(2)	20.88%
Wellington Management Co. LLP 75 State Street Boston, MA 02109	2,737,021(3)	11.34%

(1) Unless otherwise noted, each beneficial owner has sole voting and investment power with respect to the shares shown as beneficially owned by him or it

(2) According to information contained in Amendment No. 11 to a Schedule 13D dated March 16, 2007, Steel Partners II, L.P., a Delaware limited

partnership ("Steel Partners"), Warren G. Lichtenstein, and Steel Partners, LLC, a Delaware limited liability corporation ("Partners LLC") collectively is the beneficial owner of 5,037,943 shares of our Common Stock. Partners LLC is the general partner of Steel Partners. Mr. Lichtenstein is the sole executive officer and managing member of Partners LLC. By virtue of his positions with Steel Partners and Partners LLC, Mr. Lichtenstein has the sole power to vote and dispose of the 5,037,943 shares of our Common Stock owned by Steel Partners and Partners LLC.

- (3) According to information contained in Amendment No. 7 to a Schedule 13G dated March 12, 2007, Wellington Management Company, LLP ("Wellington"), an investment advisor registered under the Investment Act, may be deemed the beneficial owner of 2,737,021 shares of Common Stock of the Company. Clients of Wellington are the owners of record of the shares held by Wellington. Accordingly, in its role as investment advisor, Wellington has shared power to vote as to 1,955,166 of our Common Stock and shared power to dispose of all 2,737,021 shares of our Common Stock owned by Wellington

#### SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table sets forth information concerning beneficial ownership of Common Stock of the Company outstanding at September 7, 2007 by (i) each director; (ii) each executive officer of the Company and (iii) by all directors and executive officers of the Company as a group. The percentage ownership of each beneficial owner is based upon 24,130,808 shares of Common Stock issued and outstanding as of September 7, 2007, plus shares issuable upon exercise of options, warrants or convertible securities (exercisable within 60 days after said date) that are held by such person or entity, but not those held by any other person or entity. The information presented in this table is based upon the most recent filings with the Commission by such persons or upon information otherwise provided by such persons to the Company

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Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Mark A Koch (4)	10,000(2)	*
Mark A. Zorko	35,000(2)	*
Gerald M. Czarnecki	66,168(2)	*
James A. Risher	53,750(2)	*
James R. Henderson (3)	61,750(2)	*
Merrill A. McPeak	68,491(2)	*
All Directors and Named Executive Officers as a group (6 persons)	295,159(2)	1.2%

\* Represents less than 1% of the outstanding shares of our Common Stock

- (1) Unless otherwise noted, each director and executive officer has sole voting and investment power with respect to the shares shown as beneficially owned by him.
- (2) Includes shares of our common stock which may be acquired upon the exercise of stock options which are presently exercisable or will become exercisable within 60 days of September 7, 2007, in the following amounts: Mark A. Koch -- 10,000, Mark A. Zorko -- 35,000, Gerald M. Czarnecki -- 34,375, James A. Risher -- 53,750, James R. Henderson -- 61,750 and Merrill A. McPeak --27,375.
- (3) Mr. Henderson is a Vice President of Steel Partners, Ltd., an entity of which Warren G. Lichtenstein is an affiliate by virtue of his ownership of Steel Partners, Ltd. directly and through Steel Partners II, L.P. (collectively, the "Group"). Mr. Henderson disclaims beneficial ownership of the 5,037,943 shares of our common stock collectively owned by the Group.
- (4) Mr. Koch resigned as Treasurer and Principal Accounting Officer, effective October 30, 2006.

#### ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

##### REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS

During fiscal 2007, the Company had a policy for the review of transactions in which the Company was a participant, the amount involved exceeded \$120,000 and in which any of the Company's directors or executive officers, or their immediate family members, had a direct or indirect material interest. Any such related person transaction was to be for the benefit of the Company and upon terms no less favorable to the Company than if the related person transaction was with an unrelated party. While this policy was not in writing during fiscal 2007, the Company's Board of Directors was responsible for approving any such transactions and the CEO was responsible for maintaining a list of all existing related person transactions. There were no related person transactions during fiscal 2007.

##### DIRECTOR INDEPENDENCE

Although the Company is currently not listed on any exchange, the Board of Directors has determined that three of the members of the Board of Directors, Mr. Czarnecki, Mr. Henderson and Gen. McPeak, are "independent" as defined in Rule 4200 of the Marketplace Rules of the National Association of Securities Dealers, Inc. Committee membership of the Company's directors is as follows:

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 Director                      Audit                      Compensation                      Nominating and

	Committee	and Stock Option Committee	Governance Committee
Gerald M. Czarnecki*	Chair	X	X
James R. Henderson *		X	Chair
General Merrill A. Mcpeak*	X	Chair	X
James A. Risher			

\*Independent

ITEM 14 PRINCIPAL ACCOUNTANT FEES AND SERVICES

**AUDIT FEES** The aggregate fees billed by BDO Seidman, LLP for professional services rendered for the audit of our annual financial statements set forth in our Annual Report on Form 10-K for the fiscal years ended July 28, 2007 and July 29, 2006 for the reviews of the interim financial statements included in our Quarterly Reports on Form 10-Q for those fiscal years and for assistance with other registration statement filings made by the Company during those fiscal years were \$290,650, and \$277,000, respectively.

**AUDIT-RELATED FEES** There were no fees billed by BDO Seidman, LLP for Audit-Related services for the fiscal years ended July 28, 2007 and July 29, 2006.

**TAX FEES** The aggregate fees billed by BDO Seidman, LLP for tax services for the fiscal years ended July 28, 2007 and July 29, 2006 were \$71,665 and \$139,737, respectively. In both fiscal years, these fees related to tax planning and consulting work.

**ALL OTHER FEES** There were no fees for other professional services rendered during the fiscal years ended July 28, 2007 or July 29, 2006.

The Audit Committee's policy is to pre-approve services to be performed by the Company's independent public accountants in the categories of audit services, audit-related services, tax services and other services. Additionally, the Audit Committee will consider on a case-by-case basis and, if appropriate, approve specific engagements that are not otherwise pre-approved. The Audit Committee has approved all fees and advised us that it has determined that the non-audit services rendered by BDO Seidman, LLP during our most recent fiscal year are compatible with maintaining the independence of such auditors.

PART IV

ITEM 15 EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

	PAGE NUMBER
(a) 1. FINANCIAL STATEMENTS	
CONSOLIDATED FINANCIAL STATEMENTS OF DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES:	
Report of Independent Registered Public Accounting Firm.....	F-1
Consolidated Balance Sheets as of July 28, 2007 and July 29, 2006.....	F-2
Consolidated Statements of Operations for the Fiscal Years Ended July 28, 2007, July 29, 2006 and July 30, 2005.....	F-3
Consolidated Statements of Cash Flows for the Fiscal Years Ended July 28, 2007, July 29, 2006 and July 30, 2005.....	F-4
Consolidated Statements of Shareholders' Equity for the Fiscal Years Ended July 28, 2007, July 29, 2006 and July 30, 2005.....	F-5
Notes to Consolidated Financial Statements for the Fiscal Years Ended July 28, 2007, July 29, 2006 and July 30, 2005.....	F-6 - F-22

3. EXHIBITS

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
2.1	Stock Purchase Agreement (related to the acquisition of Villa Sistemi Medicali S.p.A.) dated as of December 28, 1999. Filed as Exhibit 2.1 to Del Global Technologies Corp. Current Report on Form 8-K dated May 4, 2000 and incorporated herein by reference.
2.2	Asset Purchase Agreement dated as of October 1, 2004 by and between Spellman High Voltage Electronics Corporation and Del Global Technologies Corp. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed October 7, 2004 and incorporated herein by reference.
3.1	Certificate of Incorporation dated October 25, 1954. Filed as Exhibit to Del Electronics Corp. Registration Statement on Form S-1 (No. 2-16839) and incorporated herein by reference.

- 3.2 Certificate of Amendment of Certificate of Incorporation dated January 26, 1957. Filed as Exhibit to Del Electronics Corp. Registration Statement on Form S-1 (No. 2-16839) and incorporated herein by reference.
- 3.3 Certificate of Amendment of Certificate of Incorporation dated July 12, 1960. Filed as Exhibit to Del Electronics Corp. Registration Statement on Form S-1 (No. 2-16839) and incorporated herein by reference.
- 3.4 Certificate of Amendment of Certificate of Incorporation dated March 18, 1985. Filed as Exhibit 3.5 to Del Electronics Corp. Form 10-K for the year ended August 2, 1989 and incorporated herein by reference.
- 3.5 Certificate of Amendment of Certificate of Incorporation dated January 19, 1989. Filed as Exhibit 4.5 to Del Electronics Corp. Form S-3 (No. 33-30446) filed August 10, 1989 and incorporated herein by reference.
- 3.6 Certificate of Amendment of the Certificate of Incorporation of Del Electronics Corp., dated February 5, 1991. Filed with Del Electronics Corp. Proxy Statement dated January 22, 1991 and incorporated herein by reference.
- 3.7 Certificate of Amendment of the Certificate of Incorporation of Del Electronics Corp. dated February 14, 1996. Filed as Exhibit 3.6 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 1, 1998 and incorporated herein by reference.

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- 3.8 Certificate of Amendment of Certificate of Incorporation of Del Global Technologies Corp. dated February 13, 1997. Filed as Exhibit 3.1 to Quarterly Report on Form 10-Q for the quarter ended February 1, 1997 and incorporated herein by reference.
- 3.9 Amended and Restated By-Laws of Del Global Technologies Corp. Filed as Exhibit 3.1 to Current Report on Form 8-K dated September 5, 2001 and incorporated herein by reference.
- 3.10 Amendment No. 1 to the Amended and Restated By-Laws of Del Global Technologies Corp. dated July 17, 2003. Filed as Exhibit 3.01 to Current Report on Form 8-K dated July 30, 2003 and incorporated herein by reference.
- 3.11 Certificate of Amendment at the Certificate of Incorporation of Del Global Technologies Corp. dated November 17, 2006. Filed as Exhibit 3.01 to Current Report on Form 8-K filed November 22, 2006 and incorporated herein by reference.
- 4.1 INTENTIONALLY OMITTED.
- 4.2 INTENTIONALLY OMITTED.
- 4.8 Warrant Certificate of Laurence Hirschhorn. Filed as Exhibit 4.1 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarter ended January 29, 2000 and incorporated herein by reference.
- 4.9 Warrant Certificate of Steven Anreder. Filed as Exhibit 4.2 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarter ended January 29, 2000 and incorporated herein by reference.
- 4.10 Warrant Certificate of UBS Capital S.p.A. dated as of December 28, 1999. Filed as Exhibit 4 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarter ended January 29, 2000 and incorporated herein by reference.
- 4.11\* Del Global Technologies Corp. Amended and Restated Stock Option Plan (as adopted effective as of January 1, 1994 and as amended December 14, 2000). Filed as Exhibit 4.11 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 4.12\* Stock Purchase Plan. Filed as Exhibit 4.9 to Del Electronics Corp. Annual Report on Form 10-K for the year ended July 29, 1989 and incorporated herein by reference.
- 4.13\* Option Agreement, substantially in the form used in connection with options granted under the Plan. Filed as Exhibit 4.8 to Del Electronics Corp. Annual Report on Form 10-K for the year ended July 29, 1989 and incorporated herein by reference.
- 4.14\* Option Agreement dated as of December 28, 1999. Filed as Exhibit 4.2 to Del Global Technologies Corp. Current Report on Form 8-K dated May 4, 2000 and incorporated herein by reference.
- 4.15 Warrant Agreement substantially in the form used for 1,000,000 warrants issued in connection with the settlement of the Class Action Lawsuit on January 29, 2002. Filed as Exhibit 10.12 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 4.16\* Amendment No. 1 dated July 17, 2003 to the Del Global Technologies Corp. Amended and Restated Stock Option Plan (as adopted effective as of January 1, 1994 and as amended December 14, 2000). Filed as Exhibit 4.1 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarterly period ended November 1, 2003 and incorporated herein by reference.
- 4.17\* Amendment No. 2 dated July 7, 2005 to the Del Global Technologies Corp. Amended and Restated Stock Option Plan (as adopted effective as of January 1, 1994 and as amended December 14, 2000 and July 17, 2003). Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K dated July 7, 2005 and incorporated

- 4.18 Stock Purchase Agreement dated as of December 22, 2005 by and among Del Global Technologies Corp. and Mr. Giuseppe Carmelo Ammendola, Mr. Emilio Bruschi, Mr. Roberto Daglio and Mr. Luigi Emmanuele Filed as Exhibit 10.1 to Del Global Technologies Corp. Current Report on Form 8-K filed December 28, 2005 and incorporated herein by reference.
- 4.19 Rights Agreement, dated as of January 22, 2007, and between Del Global Technologies Corp. and Mellon investor Services LLC, as rights agent (including as Exhibit A the Form of Right Certificate and as Exhibit B the Summary of Rights to Purchase Common Stock). Filed as Exhibit 4.1 to Del Global Technologies Corp. Current Report on Form 8-K filed January 23, 2007 and incorporated herein by reference.
- 4.20 Joinder Agreement, dated June 27, 2007, between Del Global Technologies Corp. and Continental Stock Transfer & Trust Company. Filed as Exhibit 4.1 to Del Global Technologies Corp. Current Report on Form 8-K filed June 27, 2007 and incorporated herein by reference.
- 4.21\*\*/ 2007 Incentive Stock Plan.
- 10.2 INTENTIONALLY OMITTED.
- 10.3 INTENTIONALLY OMITTED.
- 10.4 INTENTIONALLY OMITTED.
- 10.5 INTENTIONALLY OMITTED.
- 10.6 INTENTIONALLY OMITTED.
- 10.7 Lease Agreement dated April 7, 1992 between Messenger Realty and Del Electronics Corp. Filed as Exhibit 6(a) to Del Electronics Corp. Quarterly Report on Form 10-Q for the quarter ended May 2, 1992 and incorporated herein by reference.
- 10.8 Lease and Guaranty of Lease dated May 25, 1994 between Leshow Enterprises and Bertan High Voltage Corp. Filed as Exhibit 2.5 to Del Electronics Corp. Current Report on Form 8-K dated June 10, 1994 and incorporated herein by reference.
- 10.9 Lease dated January 4, 1993 between Curto Reynolds Oelerich Inc. and Del Medical Imaging Corp. (formerly known as Gendex-Del Medical Imaging Corp.). Filed as Exhibit 10.21 to the Del Global Technologies Corp. Registration Statement on Form S-2 (No. 333-2991) dated April 30, 1997 and incorporated herein by reference.
- 10.10 Loan and Security Agreement dated June 10, 2002, in the principal amount of \$10,000,000, between Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and Transamerica Business Capital Corporation. The Company agrees to furnish supplementally a copy of any omitted exhibits or schedules to the SEC upon request. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed on November 4, 2002 and incorporated herein by reference.
- 10.11 Subordinated Promissory Note substantially in the form used for a total principal amount of \$2 million issued in connection with the settlement of the Class Action Lawsuit on January 29, 2002. Filed as Exhibit 10.11 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 10.12 INTENTIONALLY OMITTED.
- 10.13\* Executive Employment Agreement dated May 1, 2001, by and between Del Global Technologies Corp. and Samuel E. Park. Filed as Exhibit 99.1 to Del Global Technologies Corp. Current Report on Form 8-K filed on August 1, 2001 and incorporated herein by reference.
- 10.14\* Change of Control Agreement substantially in the form used by the Company for the current executive officers as named in Item 11, except for Samuel E. Park (see Exhibit 10.13). Filed as Exhibit 10.14 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.

- 10.15 Extension and Modification Agreement (lease agreement) dated as of July 30, 2002 between Praedium II Valhalla LLC and Del Global Technologies Corp. Filed as Exhibit 10.15 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 10.16 Grant Decree No. 0213 between the Ministry of Industry, Trade and Handicrafts and Villa Sistemi Medicali S.p.A. dated September 6, 1995. Filed as Exhibit 10.16 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 10.17 Financial Property Lease Contract no. 21136 dated March 30, 2000 between ING Lease (Italia) S.p.A. and Villa Sistemi Medicali S.p.A. Filed as Exhibit 10.17 to Del Global Technologies Corp. Annual

- 10.18 Declaration of Final Obligation between the Ministry of Productive Industry and Villa Sistemi Medicali S.p.A. dated May 6, 2002. Filed as Exhibit 10.18 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 10.19 Private Contract between Banca Mediocredito S.p.A and Villa Sistemi Medicali S.p.A. dated November 4, 1998 in the principal amount of 3 billion Lire. Filed as Exhibit 10.19 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 10.20\* Change of Control Agreement as approved by the Board of Directors on October 24, 2002, substantially in the form used by its current executive officers (in the case of Walter F. Schneider, as amended pursuant to Exhibit 10.22 hereof). Filed as Exhibit 10.20 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 3, 2002 and incorporated herein by reference.
- 10.21 Waiver and First Amendment to Loan and Security Agreement dated as of November 1, 2002 among Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and Transamerica Business Capital Corporation. Filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed on November 4, 2002 and incorporated herein by reference.
- 10.22 Second Amendment to the Loan and Security Agreement dated December 17, 2002 among Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and Transamerica Business Capital Corporation. Filed as Exhibit 10.1 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarter ended November 2, 2002 and incorporated herein by reference.
- 10.23 Settlement Agreement and Release dated March 10, 2003 by and between Del Global Technologies Corp. and its affiliates, subsidiaries, present and former directors, officers, agents, accountants, attorneys, stockholders, predecessors and the agents and attorneys of its present and former directors, and Leonard A. Trugman and each of his heirs, administrators, liquidators, executors, successors, and assigns. Filed as Exhibit 10.22 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarter ended February 1, 2003 and incorporated herein by reference.
- 10.24 Separation Agreement and General Release of Claims dated April 9, 2003, by and between James M. Tiernan and Del Global Technologies Corp. Filed as Exhibit 99.01 to Del Global Technologies Corp. Amendment to Current Report on Form 8-K/A filed on April 23, 2003 and incorporated herein by reference.
- 10.25 Separation Agreement and General Release of Claims dated April 9, 2003, by and between David Michael, David Michael & Co., P.C. and Del Global Technologies Corp. Filed as Exhibit 99.02 to Del Global Technologies Corp. Amendment to Current Report on Form 8-K/A filed on April 23, 2003 and incorporated herein by reference.
- 10.26 Form of Indemnification Agreement. Filed as Exhibit 10.22 to Del Global Technologies Corp. Amendment #1 to Registration Statement on Form S-1/A, filed on May 1, 2003 and incorporated herein by reference.
- 10.27 Amendment to Executive Employment Agreement dated May 28, 2003 by and between Del Global Technologies Corp. and Samuel E. Park. Filed as Exhibit 10.23 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarterly period ended May 3, 2003 and incorporated herein by reference.
- 10.28 Amendment dated October 10, 2003 to Change of Control Agreement for Walter F. Schneider filed as Exhibit 10.28 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 2, 2003 and incorporated herein by reference.
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- 10.29 Waiver and Third Amendment to the Loan and Security Agreement dated as of October 30, 2003, among Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and Transamerica Business Capital Corporation filed as Exhibit 10.29 to Del Global Technologies Corp. Annual Report on Form 10-K for the year ended August 2, 2003 and incorporated herein by reference.
- 10.30 Waiver, Consent and Fourth Amendment to the Loan and Security Agreement dated as of March 12, 2004, by and among Del Global Technologies Corp. and General Electric Capital Corporation, as successor by assignment to Transamerica Business Corporation. Filed as Exhibit 10.30 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarterly period ended January 31, 2004 and incorporated herein by reference.
- 10.31\* Letter Agreement dated as of February 10, 2003 between Mark Koch and Del Global Technologies Corp. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed August 27, 2004 and incorporated herein by reference.
- 10.32 Non-Competition Agreement dated as of September 8, 2004 by and between Del Global Technologies Corp. and Walter F. Schneider. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed September 10, 2004 and incorporated herein by reference.

- 10.33 Separation Agreement and Release dated as of September 1, 2004 between Del Global Technologies Corp. and Thomas V. Gilboy. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed September 15, 2004 and incorporated herein by reference.
- 10.34 Amendment No. 1 dated as of September 15, 2004 to the Letter Agreement dated February 10, 2003 between Mark Koch and Del Global Technologies Corp. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed September 20, 2004 and incorporated herein by reference.
- 10.35 Loan Agreement dated as of September 23, 2004 between Del Global Technologies Corp. ("Del Global") and Villa Sistemi Medicali S.p.A., a subsidiary of Del Global. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed September 28, 2004 and incorporated herein by reference.
- 10.36 Waiver, Consent and Fifth Amendment to the Loan and Security Agreement dated as of September 23, 2004, by and among Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and General Electric Capital Corporation, as successor by assignment to Transamerica Business Capital Corporation. Filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed September 28, 2004 and incorporated herein by reference.
- 10.37 Settlement Agreement dated as of September 30, 2004, by and among the United States of America, on behalf of the Department of Defense, acting through the United States Attorney's Office for the Eastern District of New York, Del Global Technologies Corp. and RFI Corporation. Current Report on Form 8-K filed October 5, 2004 and incorporated herein by reference.
- 10.38 Assignment, Assumption and Amendment of Lease dated as of October 1, 2004 among DP 16, LLC, Del Global Technologies Corp. and Spellman High Voltage Electronics Corporation. Filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed October 7, 2004 and incorporated herein by reference.
- 10.39 First Amendment to Villa Loan Agreement dated October 22, 2004 between Del Global Technologies Corp and Villa Sistemi Medicali, S.p.A filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed October 26, 2004 and incorporated herein by reference.
- 10.40 Sixth Amendment to the Loan and Security Agreement dated as of October 25, 2004 by and among Del Global Technologies Corp, Bertan High Voltage Corp, RFI Corporation and Del Medical Imaging Corp (Borrowers) and General Electric Capital Corporation as successor to Transamerica Business Capital Corporation filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed October 26, 2004 and incorporated herein by reference.
- 10.41 Consent and Seventh Amendment to the Loan and Security Agreement dated as of February 2, 2005, among Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and GE Business Capital Corporation F/K/A Transamerica Business Capital Corporation filed as Exhibit 99.1 to Del Global Technologies Corp. Current Report on Form 8-K filed February 7, 2005 and incorporated herein by reference.

- 10.42 Administrative Agreement dated as of April 1, 2005 between Del Global Technologies Corp., RFI Corporation and the Defense Logistics Agency. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed April 5, 2005 and incorporated herein by reference.
- 10.43 Consent and Eighth Amendment to the Loan and Security Agreement dated as of April 5, 2005, among Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and GE Business Capital Corporation F/K/A Transamerica Business Capital Corporation filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed April 5, 2005 and incorporated herein by reference.
- 10.44\* Senior Management Incentive Plan filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed May 3, 2005 and incorporated herein by reference.
- 10.45\* Severance Benefits Letter Agreement dated as of May 23, 2005 between Del Global Technologies Corp. and Walter F. Schneider. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed May 25, 2005 and incorporated herein by reference.
- 10.46\* Severance Benefits Letter Agreement dated as of May 23, 2005 between Del Global Technologies Corp. and Mark A. Koch. Filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed May 25, 2005 and incorporated herein by reference.
- 10.47 Separation Agreement and Release dated as of April 1, 2005 between Del Global Technologies Corp. and Edward Ferris filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed June 6, 2005 and incorporated herein by reference.
- 10.48 Waiver and Ninth Amendment to the Loan and Security Agreement dated as of June 9, 2005, among Del Global Technologies Corp., Bertan High Voltage Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and GE Business Capital Corporation F/K/A Transamerica Business Capital Corporation filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed June 9, 2005 and incorporated herein by reference.
- 10.49 Loan and Security Agreement dated as of August 1, 2005 among Del

Global Technologies Corp., RFI Corporation, Del Medical Imaging Corp. and North Fork Business Capital Corporation. Filed as Exhibit 10.01 to Del Global Technologies Corp. Current Report on Form 8-K filed August 3, 2005 and incorporated herein by reference.

- 10.50 Second Amendment to Villa Loan Agreement dated August 1, 2005 between Del Global Technologies Corp and Villa Sistemi Medicali, S.p.A filed as Exhibit 10.02 to Del Global Technologies Corp. Current Report on Form 8-K filed August 3, 2005 and incorporated herein by reference.
- 10.51 Waiver and First Amendment to the Loan and Security Agreement dated as of December 12, 2005 among Del Global Technologies Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and North Fork Business Capital Corporation. Filed as Exhibit 10.51 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarterly period ended October 29, 2005 and incorporated herein by reference.
- 10.52 Waiver to the Loan and Security Agreement dated as of March 14, 2006 among Del Global Technologies Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and North Fork Business Capital Corporation. Filed as Exhibit 10.52 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarterly period ended January 28, 2006 and incorporated herein by reference.
- 10.53\* Separation Agreement and Release dated as of March 21, 2006 by and between Del Global Technologies Corp. and Christopher N. Japp. Filed as Exhibit 99.1 to Del Global Technologies Corp. Current Report on Form 8-K filed March 24, 2006 and incorporated herein by reference.
- 10.54 Waiver to the Loan and Security Agreement dated as of June 13, 2006 by and among Del Global Technologies Corp., Del Medical Imaging Corp., RFI Corporation (Borrowers) and North Fork Business Capital Corporation. Filed as Exhibit 10.53 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarterly period ended April 29, 2006 and incorporated herein by reference.
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- 10.55 Consulting Agreement dated as of June 14, 2006 by and between Del Global Technologies Corp. and Lumina Group LLC. Filed as Exhibit 99.1 to Del Global Technologies Corp. Current Report on Form 8-K filed June 30, 2006 and incorporated herein by reference.
- 10.56 Second Amendment to the Loan and Security Agreement dated as of June 30, 2006 among Del Global Technologies Corp., RFI Corporation and Del Medical Imaging Corp. (Borrowers) and North Fork Business Capital Corporation. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed July 7, 2006 and incorporated herein by reference.
- 10.57\* Separation Agreement and Release dated as of July 24, 2006 by and between Del Global Technologies Corp. and Walter F. Schneider. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed July 24, 2006 and incorporated herein by reference.
- 10.58\* Letter Agreement dated as of August 31, 2006 between Del Global Technologies Corp. and James A. Risher. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed August 31, 2006 and incorporated herein by reference.
- 10.59\* Letter Agreement dated as of August 30, 2006 between Del Global Technologies Corp. and Mark Zorko. Filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed August 31, 2006 and incorporated herein by reference.
- 10.60 Full-Time Permanent Engagement Resources Agreement dated as of August 21, 2006 between Del Global Technologies Corp. and Tatum, LLC. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed August 31, 2006 and incorporated herein by reference.
- 10.61\* Separation Agreement and Release dated as of September 7, 2006 by and between Del Global Technologies Corp. and Mark A. Koch. Filed as Exhibit 99.01 to Del Global Technologies Corp. Current Report on Form 8-K filed September 7, 2006 and incorporated herein by reference.
- 10.62 Waiver and Third Amendment to the Loan and Security Agreement dated as of October 25, 2006 by and among Del Global Technologies Corp., Del Medical Imaging Corp., RFI Corporation (Borrowers) and North Fork Business Capital Corporation. Filed as Exhibit 10.62 to Del Global Technologies Corp. Annual Report on Form 10-K filed October 27, 2006 and incorporated herein by reference.
- 10.63 Waiver and Fourth Amendment to the Loan and Security Agreement dated as of December 6, 2006 by and among Del Global Technologies Corp., Del Medical Imaging Corp., RFI Corporation (Borrowers) and North Fork Business Capital Corporation. Filed as Exhibit 10.63 to Del Global Technologies Corp. Quarterly Report on Form 10-Q for the quarterly period ended October 28, 2006 and incorporated herein by reference.
- 10.64 Amendment No. 5 dated as of January 18, 2007 to the Loan and Security Agreement by and among the registrant, RFI Corporation, Del Medical Imaging Corp. and North Fork Business Capital Corporation, dated as of August 1, 2005. Filed as Exhibit 99.02 to Del Global Technologies Corp. Current Report on Form 8-K filed January 23, 2007 and incorporated herein by reference.
- 10.65 Amended and Restated Loan Agreement, dated as of May 25, 2007, among the Del Global Technologies Corp., RFI Corporations, Del Medical Imaging Corp. and North Fork Business Capital Corporation. Filed as Exhibit 10.1 to Del Global Technologies Corp. Current Report on Form 8-K filed June 6, 2007 and incorporated herein by reference.

- 10.66\* Letter Agreement dated as of September 19, 2007 between Del Global Technologies Corp. and James A. Risher. Filed as Exhibit 10.1 to Del Global Technologies Corp. Current Report on Form 8-K filed September 20, 2007 and incorporated herein by reference.
- 21.1\*\* List of Subsidiaries
- 23.1\*\* Consent of BDO Seidman, LLP.
- 31.1\*\* Certification of Chief Executive Officer, James Risher, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\*\* Certification of Principal Financial Officer, Mark Zorko, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\*\* Certification of the Chief Executive Officer, James Risher, pursuant to 18 USC. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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- 32.2\*\* Certification of the Principal Financial Officer, Mark Zorko, pursuant to 18 U.S.C. Section 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002..

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\* Represents a management contract or compensatory plan or arrangement.

\*\* Filed herewith

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

October 11, 2007 By: /s/ James A. Risher  
-----  
James A. Risher  
President and Chief Executive Officer

October 11, 2007 By: /s/ Mark A. Zorko  
-----  
Mark A. Zorko  
Chief Financial Officer

Pursuant to the requirements of the Securities and Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ James R. Henderson ----- James Henderson	Director - Chairman	October 11, 2007
/s/ Merrill A. McPeak ----- Merrill McPeak	Director	October 11, 2007
/s/ Gerald M. Czarnecki ----- Gerald M. Czarnecki	Director	October 11, 2007
/s/ James A. Risher ----- James A. Risher	Director Chief Executive Officer	October 11, 2007

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Del Global Technologies Corp.  
Franklin Park, Illinois

We have audited the accompanying consolidated balance sheets of Del Global Technologies Corp. and subsidiaries as of July 28, 2007 and July 29, 2006, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended July 28, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are

appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Del Global Technologies Corp. and subsidiaries as of July 28, 2007 and July 29, 2006, and the results of their operations and their cash flows for each of the three years in the period ended July 28, 2007, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO SEIDMAN, LLP

Chicago, Illinois  
September 27, 2007

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(DOLLARS IN THOUSANDS EXCEPT PAR VALUE)

	JULY 28, 2007	JULY 29, 2006
	-----	-----
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents .....	\$ 7,860	\$ 333
Trade receivables (net of allowance for doubtful accounts of \$1,569 and \$1,095 for 2007 and 2006, respectively) .....	21,221	17,382
Inventories .....	21,930	16,436
Prepaid expenses and other current assets .....	1,180	808
	-----	-----
Total current assets .....	52,191	34,959
	-----	-----
<b>NON-CURRENT ASSETS:</b>		
Property plant and equipment, net .....	6,511	6,366
Deferred income taxes .....	1,011	1,159
Goodwill .....	6,437	6,437
Other assets .....	189	232
	-----	-----
Total non-current assets .....	14,148	14,194
	-----	-----
<b>TOTAL ASSETS</b> .....	<b>\$ 66,339</b>	<b>\$ 49,153</b>
	=====	=====
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term credit facilities .....	\$ --	\$ 5,959
Current portion of long-term debt .....	1,086	3,557
Accounts payable - trade .....	17,125	11,037
Accrued expenses .....	7,432	7,444
Income taxes payable .....	1,570	27
	-----	-----
Total current liabilities .....	27,213	28,024
	-----	-----
<b>NON-CURRENT LIABILITIES:</b>		
Long-term debt, less current portion .....	5,398	5,133
Deferred income taxes .....	292	302
Other long-term liabilities .....	3,240	2,880
	-----	-----
Total non-current liabilities .....	8,930	8,315
	-----	-----
Total liabilities .....	36,143	36,339
	-----	-----
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock -- \$.10 par value; authorized - 50,000,000 and 20,000,000 shares; issued - 24,753,526 and 12,258,294 shares at July 28, 2007 and July 29, 2006, respectively .....	2,475	1,226
Additional paid-in capital .....	79,726	67,679
Treasury shares - 622,770 shares, at cost .....	(5,546)	(5,546)
Accumulated other comprehensive income .....	1,880	1,610
Accumulated deficit .....	(48,339)	(52,155)
	-----	-----
Total shareholders' equity .....	30,196	12,814
	-----	-----
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> .....	<b>\$ 66,339</b>	<b>\$ 49,153</b>
	=====	=====

See notes to consolidated financial statements.

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FISCAL YEARS ENDED		
	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005
NET SALES .....	\$ 104,167	\$ 83,014	\$ 84,872
COST OF SALES .....	79,150	63,656	62,591
GROSS MARGIN .....	25,017	19,358	22,281
Selling, general and administrative .....	14,590	13,619	16,452
Research and development .....	2,013	1,562	1,636
Litigation settlement costs .....	--	697	300
Total operating expenses .....	16,603	15,878	18,388
OPERATING INCOME .....	8,414	3,480	3,893
Interest expense (net of interest income of \$91,\$0 and \$0 in 2007, 2006 and 2005, respectively) .....	(991)	(1,311)	(1,350)
Other income (loss) .....	(54)	(34)	97
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST .....	7,369	2,135	2,640
INCOME TAX PROVISION .....	3,553	1,758	2,054
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST .....	3,816	377	586
MINORITY INTEREST .....	--	108	393
INCOME FROM CONTINUING OPERATIONS .....	3,816	269	193
DISCONTINUED OPERATION .....	--	(175)	199
NET INCOME .....	\$ 3,816	\$ 94	\$ 392
NET INCOME PER BASIC SHARE			
Continuing operations .....	\$ 0.24	\$ 0.02	\$ 0.02
Discontinued operation .....	--	(0.01)	0.02
Net income per basic share .....	\$ 0.24	\$ 0.01	\$ 0.04
Weighted average shares outstanding .....	16,155	11,244	10,490
NET INCOME PER DILUTED SHARE			
Continuing operations .....	\$ 0.23	\$ 0.02	\$ 0.01
Discontinued operation .....	--	(0.01)	0.02
Net income per diluted share .....	\$ 0.23	\$ 0.01	\$ 0.03
Weighted average shares outstanding .....	16,455	12,076	11,465

See notes to consolidated financial statements.

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(DOLLARS IN THOUSANDS)

	FISCAL YEARS ENDED		
	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income .....	\$ 3,816	\$ 94	\$ 392
(Income) loss of discontinued operation .....	--	175	(199)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization .....	899	1,026	1,303
Deferred income tax provision (benefit) .....	229	(277)	276
Loss on sale of property plant and equipment .....	65	161	100
Non cash litigation settlement costs .....	--	455	--
Non cash pension costs .....	--	--	492
Imputed interest - subordinated note .....	185	257	196
Minority interest .....	--	108	393
Stock based compensation expense .....	219	141	39
Changes in operating assets and liabilities:			
Trade receivables .....	(2,814)	(2,707)	(1,368)
Inventories .....	(4,519)	(1,180)	345
Prepaid expenses and other current assets .....	(328)	(68)	348
Other assets .....	50	11	710
Accounts payable - trade .....	5,331	1,486	(1,764)
Accrued expenses .....	(654)	1,038	(3,314)
Payment of accrued litigation settlement costs .....	(200)	(311)	(5,092)
Income taxes payable .....	1,573	(177)	(586)
Other long-term liabilities .....	143	97	230
Net cash provided by (used in) operating activities of continuing operations .....	3,995	329	(7,499)
Net cash provided by (used in) operating activities of discontinued operation .....	--	(175)	377
Net cash provided by (used in) all operating activities .....	3,995	154	(7,122)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property plant and equipment purchases .....	(779)	(765)	(891)
Acquisition of minority interest .....	--	(2,612)	--
Net cash used in investing activities of continuing operations .....	(779)	(3,377)	(891)
Net cash provided by investing activities of discontinued operation .....	--	--	3,086
Net cash provided by investing activities of all operations .....	(779)	(3,377)	2,195
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowing under short-term credit facilities .....	37,193	39,112	39,838
Repayment under short-term credit facilities .....	(43,247)	(38,303)	(38,256)

Borrowings of long-term debt .....	3,113	2,000	--
Repayment of long-term debt .....	(5,900)	(972)	--
Proceeds from rights offering, net of related costs .....	12,354	--	--
Proceeds from warrant exercises .....	551	2	87
Proceeds of stock option exercises .....	170	238	278
Dividend paid to minority shareholders .....	(16)	--	(502)
Net cash provided by financing activities of continuing operations .....	4,218	2,077	1,445
EFFECT OF EXCHANGE RATE CHANGES ON CASH .....	93	13	193
CASH AND CASH EQUIVALENTS INCREASE (DECREASE) FOR THE YEAR .....	7,527	(1,133)	(3,289)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR .....	333	1,466	4,755
CASH AND CASH EQUIVALENTS, END OF THE YEAR .....	\$ 7,860	\$ 333	\$ 1,466
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest .....	\$ 744	\$ 1,054	\$ 654
Cash paid during the period for income taxes .....	837	1,443	2,221
NON-CASH TRANSACTIONS			
Financing Activities			
Acquisition of minority interest .....	\$ --	\$ (2,950)	\$ --
Investing Activities			
Stock issued for purchase of minority interest .....	--	2,950	--

See notes to consolidated financial statements.

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
(DOLLARS IN THOUSANDS)

	COMMON STOCK ISSUED		ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME	ACCUMULATED DEFICIT	TREASURY STOCK		TOTAL
	SHARES	AMOUNT				SHARES	AMOUNT	
BALANCE, JULY 31, 2004 .....	10,978,581	\$ 1,098	\$ 64,072	\$ 792	\$ (52,641)	643,533	\$ (5,546)	\$ 7,775
Stock option exercises ..	248,421	24	253	--	--	--	--	277
Stock warrant exercises .	25,956	3	84	--	--	--	--	87
Non-employee stock compensation .....	--	--	39	--	--	--	--	39
Correction of treasury shares .....	--	--	--	--	--	(20,763)	--	--
Comprehensive income: ..	--	--	--	--	--	--	--	--
Net income .....	--	--	--	--	392	--	--	392
Pension obligation adjustments .....	--	--	--	417	--	--	--	417
Foreign currency adjustments .....	--	--	--	241	--	--	--	241
Total comprehensive income .....	--	--	--	--	--	--	--	1,050
BALANCE, JULY 30, 2005 .....	11,252,958	1,125	64,448	1,450	(52,249)	622,770	(5,546)	9,228
Stock option exercises ..	99,000	10	228	--	--	--	--	238
Stock warrant exercises .	1,574	1	1	--	--	--	--	2
Stock compensation .....	--	--	142	--	--	--	--	142
Stock issued in minority interest acquisition .....	904,762	90	2,860	--	--	--	--	2,950
Comprehensive income: ..	--	--	--	--	94	--	--	94
Net income .....	--	--	--	--	3,816	--	--	3,816
Foreign currency adjustments .....	--	--	--	160	--	--	--	160
Total comprehensive income .....	--	--	--	--	--	--	--	254
BALANCE, JULY 29, 2006 .....	12,258,294	1,226	67,679	1,610	(52,155)	622,770	(5,546)	12,814
Stock option exercises ..	101,000	10	161	--	--	--	--	171
Stock warrant exercises ..	366,854	37	514	--	--	--	--	551
Stock compensation .....	--	--	220	--	--	--	--	220
Issuance of stock for Rights Offering .....	12,027,378	1,202	11,152	--	--	--	--	12,354
Comprehensive income: ..	--	--	--	--	--	--	--	--
Net income .....	--	--	--	--	3,816	--	--	3,816
Foreign currency adjustments .....	--	--	--	270	--	--	--	270
Total comprehensive income .....	--	--	--	--	--	--	--	4,086
BALANCE, JULY 28, 2007 .....	24,753,526	\$ 2,475	\$ 79,726	\$ 1,880	\$ (48,339)	622,770	\$ (5,546)	\$ 30,196

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS ACTIVITIES - Del Global Technologies Corp. ("Del Global") together with its subsidiaries (collectively, the "Company"), is engaged in two major lines of business: Medical Systems Group and Power Conversion Group. The Medical Systems Group segment designs, manufactures and markets imaging and diagnostic systems consisting of stationary and portable x-ray imaging systems, radiographic/fluoroscopic systems, mammography systems and dental systems. The Power Conversion Group segment designs, manufactures and markets key electronic components such as transformers, noise suppression filters and high voltage capacitors for use in precision regulated high voltage applications.

As of July 31, 2004, the Company's Board committed to a plan to dispose of its Del High Voltage Division ("DHV") and on October 1, 2004, the Company sold this division for a purchase price of \$3,100, plus the assumption of approximately \$800 of liabilities. Accordingly, the results of operations for the year ended July 30, 2005 have been reclassified to show this division as a discontinued operation. See Note 3, Discontinued Operation.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements are prepared on the accrual basis of accounting, which conforms to accounting principles generally accepted in the United States of America, ("U.S. GAAP") and include the accounts of Del Global and its subsidiaries. All material intercompany accounts and transactions have been eliminated.

USE OF ESTIMATES - The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated balance sheets, as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates underlying the accompanying consolidated financial statements include the allowance for doubtful accounts, allowance for obsolete and excess inventory, realizability of deferred income tax assets, recoverability of intangibles and other long-lived assets, and future obligations associated with the Company's litigation.

Certain reclassifications have been made to prior years' amounts to conform to the current year's presentation, including the reclassification in the fiscal 2005 cash flows statement of \$3,086 of cash flows from discontinued operations into investing activities from operating activities.

ACCOUNTING PERIOD - The Company's fiscal year-end is based on a 52/53-week cycle ending on the Saturday nearest to July 31. Results of the Company's subsidiary, Villa Sistemi Medicali S.p.A. ("Villa") are consolidated into Del Global's consolidated financial statements based on a fiscal year that ends on June 30 and are reported on a one-month lag.

CASH AND CASH EQUIVALENTS - The Company considers highly liquid instruments readily convertible to known amounts of cash with original maturities of three months or less (measured from their acquisition date) to be cash equivalents.

FOREIGN CURRENCY TRANSLATION - The financial statements of our foreign subsidiary are recorded in "Euro" and translated into U.S. dollars. The foreign subsidiary's balance sheet accounts are translated at the current exchange rate and income statement items are translated at the average exchange rate for the period. Gains and losses resulting from translation are accumulated in a separate component of shareholders' equity.

INVENTORIES - Inventories are stated at the lower of cost or market value. Cost is comprised of direct materials and, where applicable, direct labor costs and overhead that has been incurred in transporting the inventories to their present location and condition. Engineering costs incurred to set up products to be manufactured for a customer purchase order are capitalized when the scope of the purchase order indicates that such costs are recoverable. Such costs are included in work-in-process inventory and amortized on a units shipped basis over the life of the customer order from the date of first shipment. Cost is calculated using the FIFO method. Market value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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PROPERTY PLANT AND EQUIPMENT, NET - Property, plant and equipment, net are stated at cost less accumulated depreciation and amortization. Replacements and major improvements are capitalized; maintenance and repairs are expensed as incurred. Gains or losses on asset dispositions are included in the determination of net income or loss. Depreciation is computed utilizing the straight-line method. The cost of leasehold improvements is amortized over the shorter of the useful life or the term of the lease.

Depreciable lives are generally as follows:

DESCRIPTION	USEFUL LIVES
Buildings .....	25-33
Machinery and equipment .....	5-15
Furniture and fixtures .....	5-10
Transportation equipment .....	3-4
Computer and other equipment .....	3-7

RECOVERABILITY OF LONG-LIVED ASSETS - The Company evaluates the carrying amounts of long-lived assets (including intangibles) to determine if events have occurred which would require modification to the carrying values. In evaluating carrying values of long-lived assets, the Company reviews certain indicators of

potential impairment, such as undiscounted projected cash flows and business plans. In the event that impairment has occurred, the fair value of the related asset is determined and the Company records a charge to operations calculated by comparing the asset's carrying value to the estimated fair value. The Company estimates fair value based on the best information available making whatever estimates, judgments and projections are considered necessary.

DEFERRED FINANCING COSTS, NET - Financing costs, including fees, commission and legal expenses are capitalized and amortized on a straight line basis, which approximates the interest method, over the term or expected term of the relevant loan. Amortization of deferred financing costs is included in interest expense.

GOODWILL - Goodwill represents the excess of the cost of acquisitions over the fair value of the identifiable assets acquired and liabilities assumed. The Company evaluates goodwill for impairment on an annual basis by comparing the fair value to the carrying value for reporting units within the Medical Systems Group. Fair value is determined using a discounted cash flow method as well as a review of valuation parameters for comparable publicly traded companies.

REVENUE RECOGNITION - The Company recognizes revenue upon shipment, provided there is persuasive evidence of an arrangement, there are no uncertainties concerning acceptance, the sales price is fixed, collection of the receivable is probable and only perfunctory obligations related to the arrangement need to be completed. The Company maintains a sales return allowance, based upon historical patterns, to cover estimated normal course of business returns, including defective or out of specification product. The Company's products are covered primarily by one year warranty plans and in some cases optional extended warranties for up to five years are offered. The Company establishes allowances for warranties on an aggregate basis for specifically identified, as well as anticipated, warranty claims based on contractual terms, product conditions and actual warranty experience by product line. The Company recognizes service revenue when repairs or out of warranty repairs are completed. The Company has a Food and Drug Administration ("FDA") obligation to continue to provide repair service for certain medical systems for up to seven years past the warranty period. These repairs are billed to the customers at market rates.

RESEARCH AND DEVELOPMENT COSTS - Research and development costs are recognized as an expense in the period in which they are incurred.

INCOME TAXES - Deferred income tax assets and liabilities represents the effects of the differences between the income tax basis and financial reporting basis of assets, liabilities and tax credit carryforwards at the tax rates expected at the time the deferred income tax liability or asset is expected to be settled or realized. Management provides valuation allowances on deferred income tax assets for which realization does not meet a "more likely than not" standard.

NET INCOME (LOSS) PER SHARE - Net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the year. The effect of the assumed exercise of options and warrants to purchase common stock are excluded from the calculation of earnings (loss) per share when their inclusion would be anti-dilutive.

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CONCENTRATION OF CREDIT RISK - Financial instruments which potentially subject the Company to concentrations of credit risk are cash equivalents, investments in marketable securities, trade receivables and lines of credit. With respect to accounts receivable, the Company limits its credit risk by performing ongoing credit evaluations and, when necessary, requiring letters of credit, guarantees or collateral. Management does not believe significant risk exists in connection with the Company's concentrations of credit at July 28, 2007.

The activity in allowances for doubtful accounts is as follows:

	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSE	DEDUCTIONS (1)	BALANCE AT END OF YEAR
YEAR ENDED JULY 28, 2007 .....				
Allowance for doubtful accounts ....	\$1,095	\$ 646	\$ 172	\$1,569
YEAR ENDED JULY 29, 2006 .....				
Allowance for doubtful accounts ....	\$1,028	\$ 338	\$ 271	\$1,095
YEAR ENDED JULY 30, 2005 .....				
Allowance for doubtful accounts ....	\$888	\$ 375	\$ 235	\$1,028

(1) Write-off of accounts receivable previously charged to costs and expenses.

STOCK-BASED COMPENSATION - In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123 (R), "Share-Based Payments," which established standards for transactions in which an entity exchanges its equity instruments for goods and services. The standard requires a public entity to measure the equity instruments award based on the grant-date fair value. This eliminates the exception to account for such awards using the intrinsic method previously allowed under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123 (R) has been adopted for fiscal years 2007 and 2006 and the Company recorded related expense of \$235 and \$141 in these years, respectively. The statement does not require restatement of previously issued statements and is being applied on a prospective basis. See Note 11, Shareholders' Equity.

Prior to the adoption of SFAS 123 (R), the Company accounted for stock-based awards to employees using the intrinsic value method of accounting in accordance with APB No. 25. The Company's practice in granting these awards to employees is to set the exercise price of the stock options equal to the market price of our underlying stock on the date of grant. Therefore, under the intrinsic value method, no compensation expense is recognized in the Company's Consolidated Statement of Operations.

Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant dates for awards under those plans consistent with the methods recommended by SFAS 123 (R), the Company's net income and net income per share for fiscal year 2005 would have been stated at the pro forma amounts indicated below:

FOR FISCAL YEAR ENDED  
JULY 30, 2005

Net income - as reported: .....	\$ 392
Total stock-based awards under fair value method .....	(292)
	-----
Pro forma net income .....	\$ 100
	=====
Income per share - Basic	
As reported .....	\$ 0.04
Pro forma .....	\$ 0.01
Income per share - Diluted	
As reported .....	\$ 0.03
Pro forma .....	\$ 0.01
Weighted average number of shares outstanding - Basic .....	10,490,178
Weighted average number of shares outstanding - Diluted .....	11,464,718

The fair value of the options used for the above pro forma disclosures were determined on the date of grant using a Black-Scholes option pricing model. These options were valued based on the following assumptions: an estimated life of seven years, volatility of 63%, risk free interest rate of 4.06% and no dividend yield.

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**EFFECTS OF NEW ACCOUNTING PRONOUNCEMENTS** - In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and SFAS No. 3." This Statement provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle, in the absence of explicit transition requirements specific to the newly adopted accounting principle. This Statement was effective for accounting changes made in fiscal years beginning after December 15, 2005. The adoption of SFAS No. 154 had no impact on the Company's financial statements or results of operations.

In February 2006, the FASB issued SFAS No. 155, "Accounting for Certain Hybrid Financial Instruments - an amendment of FASB Statements No. 133 and 140," which simplifies accounting for certain hybrid instruments by permitting fair value remeasurement for any hybrid instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS No. 155 is effective for all financial instruments acquired, issued or subject to a remeasurement (new basis) event occurring after the beginning of an entity's first fiscal year that begins after September 15, 2006. The adoption of SFAS No. 155 is not expected to have any impact on the Company's results of operations or our financial position.

In June 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109, "Accounting for Income Taxes" ("SFAS 109")", to clarify the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109. This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. The Company believes that FIN 48 will not have a material impact on its financial statements.

In September 2006, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") No. 108, "Considering the Effects of Prior Year Misstatements when Quantifying Current Year Misstatements." SAB 108 requires analysis of misstatements using both an income statement (rollover) approach and a balance sheet (iron curtain) approach in assessing materiality and allows for a one-time cumulative effect transition adjustment. SAB 108 was effective for the Company's fiscal year 2007 annual financial statements and did not have any impact on its results of operations or financial position.

In September 2006, the FASB issues SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No. 157 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. This statement is effective for the Company beginning July 1, 2008. The Company has not evaluated the impact that the adoption of SFAS No. 157 will have on its financial statements at this time.

In February 2007, the FASB released SFAS No. 159, "Fair Value Option for Financial Assets and Financial Liabilities." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This Statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those years. The Company has not evaluated the impact that the adoption of SFAS No. 159 will have on its financial statements at this time.

## 2. ACQUISITION OF MINORITY INTEREST IN VILLA

On December 23, 2005, the Company acquired the remaining 20% of Villa for \$2,612 plus 904,762 restricted shares of Company common stock. These shares were valued at \$3.26 a share, or \$2,950, and are subject to SEC Rule 144 limitations as to holding periods and trading volume limitations. Goodwill in the amount of \$4,526 was recorded and \$934 of minority interest was reversed after recognition of a \$388 dividend. Due to the previous 80% ownership interest existing at the time of the original acquisition, the assets and liabilities of the Villa subsidiary were fully consolidated before the transaction and considered to be at fair market value with no additional adjustments necessary.

## 3. DISCONTINUED OPERATION

On October 1, 2004, the Company completed the sale of its Del High Voltage Division ("DHV") for a purchase price of \$3,100, plus the assumption of approximately \$800 of liabilities. This division was formerly part of the Power Conversion Group and designed, manufactured and marketed proprietary precision power conversion subsystems for medical as well as critical industrial

applications. The results of operations of this division are shown as a discontinued operation in the accompanying financial statements.

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Certain information with respect to the discontinued operation is summarized below:

YEARS ENDED	JULY 29, 2006	JULY 30, 2005
Revenues .....	\$ --	\$1,899
Net income (loss) before income taxes .....	(175)	199
Income taxes .....	--	--
Income (loss) from discontinued operation, net .....	(175)	199

Loss from discontinued operations for fiscal 2006 reflects the accrual of an estimated liability of \$175 related to a New York State Sales tax audit of its Valhalla location, including the DHV business. Income from discontinued operation, net for fiscal year 2005, includes two months of operations through the October 1, 2004 disposition date and a gain on the sale of the DHV assets of \$21.

#### 4. INVENTORIES

Inventories consists of the following:

	JULY 28, 2007	JULY 29, 2006
Raw materials and purchased parts .....	\$ 15,237	\$ 13,660
Work-in-process .....	3,910	3,747
Finished goods .....	6,652	2,732
	-----	-----
	25,799	20,139
Less: allowance for obsolete and excess inventories ....	(3,869)	(3,703)
	-----	-----
Total inventories net .....	\$ 21,930	\$ 16,436
	=====	=====

The activity in the allowance for obsolete and excess inventories accounts is as follows:

	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSE	DEDUCTIONS (1)	BALANCE AT END OF YEAR
YEAR ENDED JULY 28, 2007				
Allowance for obsolete and excess inventories ....	\$3,703	\$ 651	\$ 485	\$3,869
YEAR ENDED JULY 29, 2006				
Allowance for obsolete and excess inventories ....	3,017	1,050	364	3,703
YEAR ENDED JULY 30, 2005				
Allowance for obsolete and excess inventories ....	2,536	620	139	3,017

(1) Write-off of inventories previously charged to costs and expenses.

The Company has pledged all of its inventories in the U.S. having a net carrying amount of approximately \$6,608 and \$5,009 at July 28, 2007 and July 29, 2006, respectively, to secure its credit facility with its lender.

#### 5. PROPERTY PLANT AND EQUIPMENT

Property plant and equipment consist of the following:

	JULY 28, 2007	JULY 29, 2006
Land .....	\$ 694	\$ 694
Buildings .....	6,549	6,253
Machinery and equipment .....	6,757	6,384
Furniture and fixtures .....	817	721
Leasehold improvements .....	1,754	1,585
Transportation equipment .....	109	119
Computers and other equipment .....	2,552	4,187
	-----	-----
	19,232	19,943
Less: accumulated depreciation and amortization ....	(12,721)	(13,577)
	-----	-----
Property plant and equipment, net .....	\$ 6,511	\$ 6,366
	=====	=====

The Company has pledged all of its property, plant and equipment in the U.S. having a net carrying amount of approximately \$1,985 and \$1,854 at July 28, 2007 and July 29, 2006, respectively, to secure its credit facility with its lender.

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Included in the table above are assets held under capital leases, including the Villa building, in the amount of \$3,099 and \$3,889 at July 28, 2007 and July 29, 2006, respectively. Accumulated amortization relating to capital leases was \$845 and \$729 at July 28, 2007 and July 29, 2006, respectively. Amortization expense relating to capital leases was \$116, \$113 and \$110 for fiscal 2007, 2006 and 2005, respectively.

Depreciation expense for fiscal years 2007, 2006 and 2005 was \$872, \$998 and

\$1,238, respectively.

6. GOODWILL

Goodwill consists of the following:

	Medical Systems
	-----
Balance at July 30, 2005	\$ 1,911
Additions	4,526
	-----
Balance at July 29, 2006 and July 28, 2007	\$ 6,437
	=====

As described in Note 2, during fiscal year 2006, the Company completed the acquisition of the remaining 20% minority interest in its Villa subsidiary and recorded additional goodwill of \$4,526.

During fiscal 2007, 2006 and 2005, the Company conducted its annual goodwill impairment testing, and concluded that the remaining goodwill, which relates to its Medical Systems Segment, was not impaired as each respective balance sheet date.

7. PRODUCT WARRANTIES

The Company's products are covered primarily by one-year warranty plans and in some cases optional extended contracts may be offered covering products for periods up to five years, depending upon the product and contractual terms of sale. The Company establishes allowances for warranties on an aggregate basis for specifically identified, as well as anticipated, warranty claims based on contractual terms, product conditions and actual warranty experience by product line.

The activity in the warranty reserve accounts is as follows:

	JULY 28, 2007	JULY 29, 2006
	-----	-----
Balance at beginning of year .....	\$ 971	\$ 1,040
Provision for anticipated warranty claims ....	879	440
Costs incurred related to warranty claims ....	(785)	(509)
	-----	-----
Balance at end of year .....	\$ 1,065	\$ 971
	=====	=====

8. SHORT-TERM CREDIT FACILITIES, LONG-TERM DEBT AND SUBORDINATED NOTE

Short-term credit facilities are summarized as follows:

	JULY 28, 2007	JULY 29, 2006
	-----	-----
Revolving lines of credit:		
Domestic .....	\$ --	\$2,672
Foreign .....	--	3,287
	-----	-----
	\$ --	\$5,959
	=====	=====

Long-term debt was comprised of the following:

	JULY 28, 2007	JULY 29, 2006	INTEREST RATE
	-----	-----	-----
	AT JULY 28, 2007		
	-----	-----	-----
Domestic term loan .....	\$ --	\$ 1,817	
Domestic subordinated note .....	--	2,415	
Foreign capital lease obligation .....	2,650	2,800	5.0%
Foreign credit facilities .....	2,699	324	Euribor + 1.3%
Foreign Italian Government loans .....	1,135	1,334	3.4%
	-----	-----	
Total long term debt .....	6,484	8,690	
Less current portion of long-term bank debt ....	(1,086)	(1,142)	
Less current portion of subordinated note .....	--	(2,415)	
	-----	-----	
Long-term debt, less current portion .....	\$ 5,398	\$ 5,133	
	=====	=====	

On August 1, 2005, the Company entered into a three-year revolving credit and term loan facility with North Fork Business Capital (the "North Fork Facility") and repaid its prior facility. The North Fork Facility provided for a \$6,000 formula based revolving credit facility based on the Company's eligible accounts receivable and inventories as defined in the credit agreement. In addition, the Company borrowed \$2,000 under a term loan facility secured by the Company's Bay Shore, New York building. Interest on the revolving credit borrowings is payable at prime plus 0.5% or alternatively at a LIBOR rate plus 2.5%. The \$2,000 term loan was repayable in 36 monthly installments of \$17 with a balloon payment of the remaining balance due at the maturity in 2008. Interest on the term loan was payable monthly at prime plus 0.75% or a LIBOR rate plus 2.75%. As of July 28, 2007, the Company had approximately \$9,000 of availability under the North Fork Facility, of which North Fork has reserved \$1,000 against possible litigation settlements. The term loan was extinguished and the revolver was paid down to \$0 with a portion of the proceeds received from a March 2007 Rights Offering described below. The North Fork Facility is subject to commitment fees of 0.5% per annum on the daily-unused portion of the facility, payable monthly. The Company granted a security interest to the lender on its US credit facility in

substantially all of its accounts receivable, inventories, property plant and equipment, other assets and intellectual property in the US as well as 66% of the outstanding stock of its Italian subsidiary, Villa (until a late fiscal 2007 amendment).

As of the end of the fourth quarter of fiscal 2006, the Company was non-compliant with the following covenants: the Adjusted US Earnings, Adjusted Earnings, Senior US Debt Ratio and Fixed Charge Coverage Ratio covenants under the North Fork Facility, due to the lower than anticipated performance during fiscal 2006. On October 25, 2006, the Company and North Fork signed an amendment to the facility that waived the non-compliance with these covenants for the fourth quarter of fiscal 2006 and adjusted the covenant levels going forward through the maturity of the credit facility. In addition, the amendment reversed \$300 of a sinking fund reserved for the March 2007 maturity of the subordinated shareholder notes and eliminated additional sinking fund reserves provisions related to the subordinated notes.

As of the end of the first quarter of fiscal 2007, the Company was non-compliant with the tangible net worth covenant under the North Fork Facility. On December 6, 2006, North Fork waived the non-compliance with this covenant for the first quarter of fiscal 2007 and adjusted the covenant levels going forward through the maturity of the credit facility.

As of the end of fiscal 2007, the Company was in compliance with all covenants under the North Fork Facility.

On June 1, 2007, the North Fork Facility was amended and restated. The amendment increases the revolving credit facility to a maximum amount of \$7,500 and provides a capital expenditure loan facility up to \$1,500. Other changes to the terms and conditions of the original loan agreement include the modification of covenants, removal of the Villa stock as loan collateral and the removal of daily collateral reporting which was part of the previous asset-based facility requirements.

The Company received a dividend from its Villa subsidiary in October 2006 of approximately \$1,560 which was used to pay down amounts outstanding under the North Fork facility, in accordance with provisions of the facility.

The Company's Villa subsidiary maintains short term credit facilities which are renewed annually with Italian banks. Currently, these facilities are not being utilized and the balance due at July 28, 2007 is \$0. Interest rates on these facilities are variable and currently range from 3.7-13.75%.

In October 2006, Villa entered into a 1.0 million Euro loan for financing of R&D projects, with an option for an additional 1.0 million Euro upon completion of 50% of the projects. Interest payable is at Euribor 3 months plus 1.3 points, currently 5.475%. The spread may be reduced to 1.04 points upon completion of the project if objectives are achieved. The note is repayable over a 7 year term, with reimbursement starting in September 2008. The note contains a financial covenant which provides that the net equity of Villa cannot fall below 5.0 million Euros. This covenant could limit Villa's ability to pay dividends to the US parent company in the event of future losses, future dividends or other events should cause Villa's equity to fall below the defined level.

In December 2006, Villa entered into a 1.0 million Euro loan with interest payable at Euribor 3 months plus 0.95 points, currently 5.125%. The loan is repayable in 4 years.

Villa was party to a 1.6 million Euro loan which was extinguished in March 2007. Two final instalments for a total of 0.3 million Euro were repaid in fiscal year 2007.

Villa is also party to two Italian government long-term loans with a fixed interest rate of 3.425% with principal payable annually through maturity in February and September 2010. At the end of fiscal year 2007, total principal due is 2.3 million Euro. Villa manufacturing facility is subject to a capital lease obligation which matures in 2011 with an option to purchase. Villa is in compliance with all related financial covenants under these short and long-term financings.

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SUBORDINATED NOTE - In connection with the settlement reached on January 29, 2002, with the plaintiffs in the class action litigation, the Company recorded the present value at 12% of the \$2,000 of subordinated notes that were issued in April 2002 and matured in March 2007. The subordinated notes did not pay interest currently, but accrued interest at 6% per annum, and were recorded at issuance at a discounted present value of \$1,500. The balance was paid on March 29, 2007 with a portion of the proceeds from a Rights Offering described below.

The Company is obligated to make principal payments under its long-term debt and capital lease obligations as follows:

FISCAL YEARS	DEBT	CAPITAL LEASE	TOTAL
2008 .....	\$ 698	\$ 555	\$ 1,253
2009 .....	978	555	1,533
2010 .....	990	555	1,545
2011 .....	629	418	1,047
2012 .....	270	--	270
2013 and beyond .....	269	--	269
Purchase option .....	--	1,046	1,046
Total payments .....	3,834	3,129	6,963
Less: amount representing interest .....	--	(479)	(479)
Total .....	\$ 3,834	\$ 2,650	\$ 6,484

#### 9. EMPLOYEE BENEFITS

The Company has a Profit Sharing Plan that provides for contributions as determined by the Board of Directors. The contributions can be paid to the Plan in cash or common stock of the Company. No contributions were authorized for fiscal years 2007, 2006 or 2005.

The Profit Sharing Plan also incorporates a 401(k) Retirement Plan that is available to substantially all domestic employees, allowing them to defer a portion of their salary. The Company matches employee contributions at a 50% rate up to a maximum of 2% of annual salary, and recorded a related expense of \$20, \$106 and \$118 for fiscal years 2007, 2006 and 2005, respectively.

The Company also had a defined benefit plan, which was frozen effective February 1, 1986. As of July 31, 2004, the Company had a minimum liability and corresponding debit in accumulated other comprehensive income to account for the unfunded status of its defined benefit plan, in accordance with SFAS No. 87, Employers' Accounting for Pensions. During fiscal 2005, the Company applied to the Pension Benefit Guaranty Corp and to the IRS for a determination letter and approval to terminate this plan. In the fourth quarter of fiscal 2005, the Company recognized a related non-cash charge of approximately \$500 to write off the accumulated other comprehensive income on its balance sheet in recognition of the formal decision to terminate the plan. In preparation for the plan termination, during fiscal 2005 the Company fully funded the expected cash disbursement of \$200. The Company received the IRS determination letter approving the final settlement during the second quarter of fiscal 2006 and the plan fully paid out all of the plan participants in March 2006.

In addition, the Company's Villa subsidiary provides for employee termination indemnities. Villa has established a reserve, representing the liability for indemnities payable upon termination of employment, accrued in accordance with labor laws and labor agreements in force. This liability is subject to annual revaluation using the officially-established indices. The liability for these indemnities is included in other long-term liabilities on the accompanying Consolidated Balance Sheets and was \$3,127 and \$2,787 at July 28, 2007 and July 29, 2006, respectively. Provisions for employee termination indemnities were \$357, \$401 and \$412 for fiscal years 2007, 2006 and 2005, respectively.

#### 10. SEGMENT REPORTING

The Company has three reportable segments: the Medical Systems Group, the Power Conversion Group and Other. The Other segment includes unallocated corporate costs and litigation settlement costs. For each fiscal year presented, corporate costs (which include certain shared services) were allocated to domestic subsidiaries on the basis of a percentage of each unit's annual sales. Corporate costs were allocated at a fixed dollar amount to the international subsidiary based upon an intercompany management services agreement. The percentages and the dollar amounts used to allocate actual corporate costs are based on management's estimate of the benefits received by each reporting segment from corporate activities and shared services.

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Operating segments are defined as components of an enterprise, about which separate financial information is available which is evaluated regularly by the chief decision maker, or decision making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision making group is comprised of the Chief Executive Officer and the senior executives of the Company's operating segments. The Company evaluates its reporting segments based on operating income or loss.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Balance Sheet information presented below and Income Statement related disclosure below for all periods presented exclude the results of the DHV division due to this division's classification as a discontinued operation at July 31, 2004 and the subsequent disposal on October 31, 2004.

Selected financial data of these segments are as follows:

FISCAL YEAR ENDED JULY 28, 2007	MEDICAL SYSTEMS GROUP	POWER CONVERSION GROUP	OTHER	TOTAL
Net sales to external customers .....	\$ 90,979	\$ 13,188	\$ --	\$ 104,167
Cost of sales .....	70,879	8,271	--	79,150
Gross margin .....	20,100	4,917	--	25,017
Selling, general and administrative .....	10,635	2,476	1,479	14,590
Research and development .....	2,013	--	--	2,013
Litigation settlement costs .....	--	--	--	--
Total operating expenses .....	12,648	2,476	1,479	16,603
Operating income (loss) .....	\$ 7,452	\$ 2,441	\$ (1,479)	8,414
Interest expense .....				(991)
Other income (expense) .....				(54)
Income from continuing operations, before income taxes and minority interest .....				\$ 7,369
Depreciation .....	\$ 704	\$ 165	\$ 3	\$ 872
Amortization .....	27	--	--	27
Segment assets .....	60,658	5,014	668	66,340
Capital expenditures .....	703	76	--	779

Inter-segment sales were \$86 for the fiscal year ended July 28, 2007. Approximately \$43,720 of Medical Systems Group assets are located in Italy, including \$10,110 of long-lived assets.

FISCAL YEAR ENDED JULY 29, 2006	MEDICAL SYSTEMS GROUP	POWER CONVERSION GROUP	OTHER	TOTAL
Net sales to external customers .....	\$ 70,287	\$12,727	\$ --	\$ 83,014
Cost of sales .....	55,453	8,203	--	63,656

Gross margin .....	14,834	4,524	--	19,358
Selling, general and administrative .....	9,467	2,148	2,004	13,619
Research and development .....	1,562	--	--	1,562
Litigation settlement costs .....	252	(55)	500	697
Total operating expenses .....	11,281	2,093	2,504	15,878
Operating income (loss) .....	\$ 3,553	\$ 2,431	\$ (2,504)	3,480
Interest expense .....				(1,311)
Other expense .....				(34)
Income from continuing operations, before income taxes and minority interest .....				\$ 2,135
Depreciation .....	\$ 793	\$ 193	\$ 2	\$ 988
Amortization .....	38	--	--	38
Segment assets .....	43,630	5,055	468	49,153
Capital expenditures .....	695	66	4	765

Inter-segment sales were \$149 for the fiscal year ended July 29, 2006. Approximately \$35,481 of Medical Systems Group assets are located in Italy, including \$10,249 of long-lived assets.

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FISCAL YEAR ENDED JULY 30, 2005	MEDICAL SYSTEMS GROUP	POWER CONVERSION GROUP	OTHER	TOTAL
Net sales to external customers .....	\$ 70,792	\$ 14,080	\$ --	\$ 84,872
Cost of sales .....	54,288	8,303	--	62,591
Gross margin .....	16,504	5,777	--	22,281
Selling, general and administrative .....	9,261	2,630	4,561	16,452
Research and development .....	1,636	--	--	1,636
Litigation settlement costs .....	--	300	--	300
Total operating expenses .....	10,897	2,930	4,561	18,388
Operating income (loss) .....	\$ 5,607	\$ 2,847	\$ (4,561)	3,893
Interest expense .....				(1,350)
Other income .....				97
Loss from continuing operations, before income taxes and minority interest .....				\$ 2,640
Depreciation .....	\$ 850	\$ 247	\$ 141	\$ 1,238
Amortization .....	65	--	--	65
Segment assets .....	32,731	6,008	2,037	40,776
Capital expenditures .....	736	151	4	891

Inter-segment sales were \$182 for the fiscal year ended July 30, 2005. Approximately \$24,704 of Medical Systems Group assets are located in Italy, including \$5,455 of long-lived assets.

MAJOR CUSTOMERS AND EXPORT SALES - For the fiscal year ended July 28, 2007, one of our Medical Systems Group customers accounted for approximately 12% of consolidated revenues and 11% of gross accounts receivable at July 28, 2007. For fiscal years ended July 29, 2006 and July 30, 2005, no individual customer accounted for greater than 10% of total revenue or accounts receivable.

Foreign sales were 63%, 64% and 55% of the Company's consolidated net sales in fiscal years ended July 28, 2007, July 29, 2006, and July 30, 2005, respectively. Net sales by geographic areas were:

	JULY 28, 2007		JULY 29 2006		JULY 30, 2005	
United States .....	\$ 38,397	37%	\$ 29,979	36%	\$ 38,785	45%
Canada .....	869	1%	158	--%	497	1%
Europe .....	48,129	46%	37,078	45%	32,571	38%
Far East .....	7,603	7%	6,298	8%	8,819	11%
Mexico, Central and South America ....	3,117	3%	6,750	8%	1,976	2%
Africa, Middle East and Australia ....	6,052	6%	2,751	3%	2,224	3%
	\$104,167	100%	\$ 83,014	100%	\$ 84,872	100%

Revenues are attributable to geographic areas based on the location of the customers.

#### 11. SHAREHOLDERS' EQUITY

RIGHTS OFFERING AND STOCKHOLDERS' RIGHTS PLAN - On December 12, 2006, the Company filed a registration statement for a subscription rights offering with the SEC that became effective January 30, 2007. Under terms of this rights offering, the Company distributed to shareholders of record as of February 5, 2007, non-transferable subscription rights to purchase one share of the Company's common stock for each share owned at that date at a subscription price of \$1.05 per share. On March 12, 2007, the Company completed the rights offering, selling 12,027,378 shares of its common stock at \$1.05 per share. Total proceeds to the Company, net of \$275 of expenses related to the rights offering, were \$12,354.

The purpose of this rights offering was to raise equity capital in a

cost-effective manner. Approximately \$7,564 of the proceeds were used for debt repayment and the remainder invested in short-term money market securities for anticipated working capital needs and general corporate purposes. A portion of the net proceeds may also ultimately be used to acquire or invest in businesses, products and technologies that Company management believes are complementary to the Company's business.

In addition, on January 22, 2007, the Company entered into a stockholders' rights plan (the "Rights Plan"). The Rights Plan provides for a dividend

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distribution of one common stock purchase right for each outstanding share of the Company's common stock. The Company's Board of Directors adopted the Rights Plan to protect stockholder value by protecting the Company's ability to realize the benefits of its net operating losses ("NOLs") and capital loss carryforwards. The Company has experienced substantial operating and capital losses in previous years. Under the Internal Revenue Code and rules promulgated by the Internal Revenue Service, the Company may "carry forward" these losses in certain circumstances to offset current and future earnings and thus reduce its federal income tax liability, subject to certain requirements and restrictions. Assuming that the Company has future earnings, the Company may be able to realize the benefits of NOLs and capital loss carryforwards. These NOLs and capital loss carryforwards constitute a substantial asset to the Company. If the Company experiences an "Ownership Change," as defined in Section 382 of the Internal Revenue Code, its ability to use the NOLs and capital loss carryforwards could be substantially limited or lost altogether. In general terms, the Rights Plan imposes a significant penalty upon any person or group that acquires certain percentages of the Company's common stock by allowing other shareholders to acquire equity securities at half their fair values.

**STOCK BUY-BACK PROGRAM** - In September 2000, the Board of Directors approved an additional repurchase of \$3,000 of the Company's common stock bringing the total authorized to \$7,500. The Company has not purchased any shares under this program since fiscal 2001, when 11,500 shares were purchased for \$108. As of July 28, 2007, 489,806 shares had been purchased by the Company for \$4,502 under this Stock Buy-Back Program. These shares are included in Treasury Shares on the accompanying Balance Sheet.

**INCREASE OF AUTHORIZED SHARES** - At a special meeting of shareholders of the Company held on November 17, 2006, the Company's shareholders approved an Amendment of the Certificate of Incorporations of the Company to increase the number of authorized shares of the Company's common stock, par value \$0.10 per share, from twenty million (20,000,000) shares to fifty million (50,000,000) shares in order to have a sufficient number of shares of Common Stock to provide a reserve of shares available for issuance to meet business needs as they may arise in the future. Such business needs may include, without limitation, rights offerings, financings, acquisitions, establishing strategic relationships with corporate partners, providing equity incentives to employees, officers or directors, stock splits or similar transactions.

**STOCK OPTION PLAN AND WARRANTS** - Effective July 31, 2005, the Company adopted SFAS No. 123 (R). This standard requires that the Company measure the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award. That cost will be recognized over the period in which the employee is required to provide the services - the requisite service period (usually the vesting period) - in exchange for the award. The grant date fair value for options and similar instruments will be estimated using option pricing models. Under SFAS 123 (R), the Company is required to select a valuation technique or option pricing model that meets the criteria as stated in the standard, which includes a binomial model and the Black-Scholes model. At the present time, the Company is continuing to use the Black-Scholes model. The adoption of SFAS 123 (R), applying the "modified prospective method," as elected by the Company, requires the Company to value stock options granted prior to its adoption of SFAS 123 (R) under the fair value method and expense the related unvested amounts over the remaining vesting period of the stock options.

Details regarding the fair value of stock options granted in fiscal 2007 and 2006 are as follows:

	2007	2006
Estimated life (in years) .....	7	7
Volatility rate.....	63%-74%	62%
Risk free interest rate.....	4.44%-5.16%	4.74%-4.93%
Dividend rate.....	0%	0%
Forfeiture rate.....	2%	0%
Weighted average fair value.....	1.16	1.58
Recorded compensation expense.....	\$ 219	\$ 141

The Black Scholes Option Pricing Model requires the use of various assumptions. The key assumptions are summarized as follows:

**Estimated life:** The Company derives its estimated life based on historical experience.

**Volatility rate:** The Company estimates the volatility of its common stock at the date of grant based on historical volatility of its common stock.

**Risk free interest rate:** The Company derives its risk-free interest rate on the Barron's zero coupon bond rate for a term equivalent to the expected life of the option.

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**Dividend rate:** The Company estimates the dividend yield assumption based on the Company's historical and projected dividend payouts.

**Forfeiture rate:** The Company estimates the annual forfeiture rate based on historical experience.

On March 20, 2007, shareholders approved the 2007 Incentive Stock Plan. A total of 1,000,000 shares of the Company's common stock may be granted under the Plan.

No additional options will be granted under the former stock option plan. Substantially all of the options granted under this Plan and the prior plan provide for graded vesting and vest generally at a rate of 25% per year beginning with the date of grant, expiring ten to fifteen years from the date they are granted. The option price per share is approved by the Board of Directors. All options to date have been granted at the fair market value of the Company's stock at the date of grant. No options can be granted under this plan subsequent to February 21, 2017.

In December 2000, the Board of Directors approved an extension of time to exercise for all stock option holders. The extension covers all options whose term would have expired during the period from the stock de-listing date up to the date that the shares become re-listed on a national exchange. This extension grants those stock option holders a period of six months from the date of re-listing to exercise vested options which may have otherwise expired without the extension. Options that otherwise expired due to termination of employment for cause were not effected by this extension. During fiscal 2005, the plan was modified to remove this extension provision from options granted after January 2005. The majority of the Company's stock options have a 10 year term, however, due to uncertainty regarding the duration of this extension, the Company cannot calculate the weighted average remaining contractual term of outstanding or vested options. The extension provision does not impact the 2007 Incentive Stock Plan.

#### OPTION ACTIVITY

The following stock option information is as of:

	JULY 28, 2007		JULY 29, 2006		JULY 30, 2005	
	SHARES OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	SHARES OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE	SHARES OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE
Granted and outstanding, beginning of year . . .	1,545,996	\$ 3.93	1,662,494	\$ 3.81	2,133,415	\$ 3.15
Granted . . . . .	469,000	1.73	100,000	2.66	150,000	2.70
Exercised . . . . .	(101,000)	1.69	(99,000)	2.09	(248,420)	1.12
Cancelled and forfeited . . . . .	--	--	(117,498)	2.56	(372,501)	1.41
Outstanding at end of year . . . . .	1,913,996	3.51	1,545,996	3.93	1,662,494	3.81
Exercisable at end of year . . . . .	1,494,743	4.00	1,477,243	4.00	1,508,742	3.92

As mentioned above, due to an extension of exercise time granted to option holders that has an uncertain term, the Company is unable to calculate the weighted average contractual term of the above options.

As of July 28, 2007 the distribution of stock option exercise prices is as follows:

EXERCISE PRICE RANGE	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE	
	NUMBER OF OPTION SHARES	WEIGHTED AVERAGE EXERCISE PRICE	SHARES EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
\$1.00 - \$3.34	1,223,288	\$ 1.76	804,835	\$ 1.75
\$4.00 - \$6.60	313,256	4.85	313,256	4.85
\$7.00 - \$7.94	220,775	7.51	220,775	7.51
\$8.00 - \$10.00	156,677	8.91	156,677	8.91
	1,913,996	\$ 3.51	1,494,743	\$ 4.00

At July 28, 2007, the aggregate intrinsic value of options outstanding and options exercisable was \$786 and \$538, respectively. The intrinsic value is the amount by which the market value of the underlying stock exceeds the exercise price of the option at the measurement date for all-in-the money options.

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Future compensation expense related to the vesting of employee options granted by July 28, 2007 is expected to be \$230 in 2008, \$198 in 2009 and \$37 in 2010.

Cash proceeds and intrinsic value related to total stock options exercised are provided in the following table:

YEAR ENDED	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005
Proceeds from stock options exercised	\$ 170	\$ 238	\$ 278
Intrinsic Value	57	137	367

An expense was recognized for the fair value of options granted to non-employees in the amount of \$39 in fiscal year 2005.

#### WARRANTS

On February 6, 2004, a motion was filed for summary judgment to enforce a January 2002 class action settlement agreement entered into by the Company. The motion sought damages in the amount of \$1,250 together with interest, costs and disbursements, and a declaration that \$2,000 in promissory notes issued as part of the class action settlement are immediately due and payable, as the value of damages due to the Company's failure to timely complete a registration statement related to the common shares underlying certain warrants granted in the class action settlement. The Company filed opposition to this matter on March 5, 2004. Plaintiffs filed reply papers on March 19, 2004. In addition, the Company filed

a registration statement related to the warrant shares on March 23, 2004, and it was declared effective by the SEC on May 7, 2004. In July 2004, in settlement of this matter, Del Global modified the exercise, or "strike," price of the 1,000,000 warrants issued in 2002 from \$2.00 to \$1.50 per share, and extended the expiration date of such warrants by one year to March 28, 2009. During fiscal 2007, 2006 and 2005, 366,854, 1,574 and 58,006, respectively, of these warrants were exercised for cash proceeds to the Company of \$551, \$2 and \$87, respectively. As of July 28, 2007, 573,516 of these warrants were outstanding.

## 12. INCOME (LOSS) PER SHARE

	FOR FISCAL YEARS ENDED		
	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005
Numerator:			
Net income.....	\$ 3,816	\$ 94	\$ 392
Denominator:			
Weighted average shares outstanding for basic income per share....	16,154,552	11,244,421	10,490,178
Effect of dilutive securities.....	300,673	832,075	974,540
Weighted average shares outstanding for diluted income per share...	16,455,225	12,076,496	11,464,718
Income per basic common share.....	\$ 0.24	\$ 0.01	\$ 0.04
Income per diluted common share.....	\$ 0.23	\$ 0.01	\$ 0.03

Common shares outstanding for the fiscal years ended July 28, 2007, July 29, 2006 and July 30, 2005, were reduced by 622,770 shares of treasury stock.

The computation of diluted shares outstanding does not include the effect of the assumed exercise of 1,414,978, 1,180,389 and 545,622 for employee stock options outstanding as of July 28, 2007, July 29, 2006 and July 30, 2005, respectively, and 0, 474,113 and 428,919 warrants to purchase Company common stock for those years because the effect of their assumed exercise would be anti-dilutive.

## 13. INCOME TAXES

The Company's consolidated income from continuing operations before income tax benefit and minority interest for fiscal years 2007, 2006 and 2005 of \$7,369, \$2,135 and \$2,640 reflects foreign pre-tax net income of \$8,180, \$3,620, and \$3,842 for fiscal years 2007, 2006, and 2005, respectively and a U.S. pre-tax loss of \$811, \$1,485 and \$1,202, respectively.

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Provision for income taxes consists of the following:

	FOR FISCAL YEARS ENDED		
	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005
CURRENT TAX EXPENSE:			
Foreign .....	\$ 3,410	\$ 1,739	\$ 1,640
State and local .....	5	35	42
DEFERRED PROVISION (BENEFIT):			
Federal .....	--	--	101
State and local .....	--	--	--
Foreign .....	138	(16)	271
NET PROVISION .....	\$ 3,553	\$ 1,758	\$ 2,054

The following is a reconciliation of the statutory Federal and effective income tax rates:

	FOR FISCAL YEARS ENDED		
	JULY 28, 2007	JULY 29, 2006	JULY 30, 2005
Statutory Federal income tax rate .....	34.0%	34.0%	34.0%
State Tax, less Federal tax effect .....	0.1%	1.6%	6.2%
Foreign taxes .....	9.2%	8.2%	72.4%
Valuation allowance adjustment .....	(1.9)%	(98.5)%	(34.8)%
Provision for undistributed earnings of foreign subsidiary .....	7.2%	138.8%	--
Other .....	(0.4)%	(1.7)%	--
Effective tax rate .....	48.2%	82.4%	77.8%

Deferred income tax assets (liabilities) are comprised of the following:

	JULY 28, 2007	JULY 29, 2006
Deferred income tax assets:		
Federal net operating loss carry forward .....	\$ 15,420	\$ 15,603
State tax credits and operating loss carry forwards .....	2,223	639
Reserve for inventory obsolescence .....	1,417	1,203
Allowances and reserves not currently deductible .....	933	1,043
Amortization .....	197	439
Stock based compensation .....	430	315
Other .....	55	--

Gross deferred income tax assets .....	20,675	19,242
Deferred income tax liabilities:		
Undistributed earnings of foreign subsidiary .....	(2,278)	(2,359)
Fixed assets .....	(383)	(239)
Other .....	--	(85)
Gross deferred income tax liabilities .....	(2,661)	(2,683)
Less: valuation allowance .....	(17,295)	(15,702)
Net deferred income tax assets .....	\$ 719	\$ 857
	=====	=====

Deferred income tax assets and liabilities are recorded in the consolidated balance sheets as follows:

	JULY 28, 2007	JULY 29, 2006
	-----	-----
Deferred income tax assets - non-current .....	1,011	\$ 1,159
Deferred income tax liabilities -- non-current ...	(292)	(302)
	-----	-----
	\$ 719	\$ 857
	=====	=====

#### DEFERRED INCOME TAX ASSET

The Company accounts for deferred income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes," whereby it recognizes deferred income tax assets

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and liabilities for temporary differences between its financial reporting basis and income tax reporting basis and for income tax net operating loss carry forwards.

The Company periodically assesses the realization of its net deferred income tax assets. This evaluation is primarily based upon current operating results in the taxing jurisdiction and expectations of future operating results in the taxing jurisdiction. A valuation allowance is recorded if the Company believes its net deferred income tax assets will not be realized. The Company's assessment is based on its expectation of the more likely than not result. Because the Company's U.S. legal entities reported a loss in each of the fiscal years 2005, 2006 and 2007 and based on expectations of future results from the U.S. legal entities, the Company continues to carry a 100% valuation allowance on its net U.S. deferred tax asset.

At July 28, 2007, the Company has federal net operating loss carry forwards of \$45,350 that expire at various times between July, 2020 and July, 2025.

The Company recorded a tax provision with respect to its foreign subsidiary's income in all periods presented and based on a more likely than not standard, believes that the foreign subsidiary's net deferred tax asset will be realized.

The Company has also concluded that, given its history of receiving dividends from its foreign subsidiary, Villa, it cannot assume that the income of Villa will be permanently reinvested. As required by SFAS 109, the Company recorded a deferred tax liability related to the undistributed earnings of Villa. However, it can make no assurances that Villa will generate profits in the future or that future dividends will be received.

In 2006, the FASB issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes. FIN 48 requires reporting of taxes based on tax positions which meet a more likely than not standard and which are measured at their more likely than not settlement. Currently, reporting of taxes is based on tax return reporting positions, which do not require a more likely than not standard. Differences between financial and tax reporting which do not meet this new threshold are required to be recorded as unrecognized tax benefits. FIN 48 also provides guidance on the presentation of tax obligations in the financial statements and the recognition of potential IRS interest and penalties. FIN 48 is effective for the Company's 2008 fiscal year. The Company believes that FIN 48 will not have a material impact on its financial statements.

#### 14. COMMITMENTS AND CONTINGENCIES

a. EMPLOYMENT MATTERS - The Company had an employment agreement with Samuel Park, the previous Chief Executive Officer ("CEO"), for the period May 1, 2001 to April 30, 2004. The employment agreement provided for certain payments in the event of a change in the control of the Company. On October 10, 2003, the Company announced the appointment of Walter F. Schneider as President and CEO to replace Mr. Park, effective as of such date. As a result, the Company recorded a charge of \$0.2 million during the first quarter of fiscal 2004 to accrue the balance remaining under Mr. Park's employment agreement.

The Company's employment agreement with Mr. Park provided for payments upon certain changes of control. The Company's Board of Directors elected at the Company's Annual Meeting of Shareholders held on May 29, 2003, had reviewed the "change of control", provisions regarding payments totaling up to approximately \$1.8 million under the employment agreement between the Company and Mr. Park. As a result of this review and based upon, among other things, the advice of special counsel, the Company's Board of Directors has determined that no obligation to pay these amounts has been triggered. Prior to his departure from the Company on October 10, 2003, Mr. Park orally informed the Company that, after reviewing the matter with his counsel, he believed that the obligation to pay these amounts has been triggered. On October 27, 2003, the Company received a letter from Mr. Park's counsel demanding payment of certain sums and other consideration pursuant to the Company's employment agreement with Mr. Park, including these change of control payments. On November 17, 2003, the Company filed a complaint in the United States District Court, Southern District of New York, against Mr. Park seeking a declaratory judgment that no change in control payment was or is due to Mr. Park, and that an amendment to the employment contract with Mr. Park regarding advancement and reimbursement of legal fees is invalid and unenforceable. Mr. Park answered the complaint and asserted counterclaims seeking payment from the Company based on his position that a

"change in control" occurred in June 2003. Mr. Park is also seeking other consideration he believes he is owed under his employment agreement. The Company filed a reply to Mr. Park's counterclaims denying that he is entitled to any of these payments. Discovery in this matter was conducted and completed. Following discovery, the Company and Mr. Park filed motions for summary judgment on the issues related to change in control and the amendment to the employment agreement, which motions have been fully submitted to the Court for consideration. To date, no decision has been issued by the Court on these motions. If Mr. Park prevails on his claims and the payments he seeks are required to be paid in a lump sum, these payments may have a material adverse effect on the Company's liquidity. It is not possible to predict the outcome of these claims. However, the Company's Board of Directors does not believe that

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such a claim is reasonably likely to result in a material decrease in the Company's liquidity in the foreseeable future. The Company has not recorded an accrual for any potential settlement of this claim as it has no basis upon which to estimate either the outcome or amount of loss, if any.

On June 28, 2002, Jeffrey N. Moeller, the former Director of Quality Assurance and Regulatory Affairs of Del Medical, commenced an action in the Circuit Court of Cook County, Illinois, against the Company, Del Medical and Walter Schneider, the former President of Del Medical. In the most current iteration of this pleading, the third amended complaint, Mr. Moeller alleges four claims against the defendants in the action: (1) retaliatory discharge from employment with Del Medical, allegedly in response to Mr. Moeller's complaints to officers of Del Medical about purported prebilling and his stopping shipment of a product that allegedly did not meet regulatory standards, (2) defamation, (3) intentional interference with his employment relationship with Del Medical and prospective employers, and (4) to hold the Company liable for any misconduct of Del Medical under a theory of piercing the corporate veil. By order dated September 15, 2006, the Court denied in part and granted in part defendants' motion requesting summary judgment dismissing the third amended complaint. The Court granted the motion only to the extent of dismissing that part of Mr. Moeller's claim of interference with his employment relationship with Del Medical and his relationship with prospective employers, addressed to alleged interference with his relationship with prospective employers. The parties appeared for mediation in January 2007 but the mediation did not result in a disposition of the action. Accordingly, it appears that the action will proceed to trial. A status conference before the Court was held March 8, 2007, and subsequently, a trial date had been scheduled for October 1, 2007. The trial date has been postponed due to the unavailability of a witness for the plaintiff. A trial date has been scheduled for January 28, 2008. The Company and Del Medical intend to defend vigorously against Mr. Moeller's claims. Mr. Moeller is seeking \$2.37 million in damages consisting of alleged income loss, including salary and benefits, and the present value of his alleged lost income and benefits in the future after lump sum tax adjustments. The Company has recorded an accrual of \$0.1 million relating to potential liability in the settlement of these claims.

b. OTHER LITIGATION MATTERS - On May 24, 2007, the Company's RFI subsidiary was served with a subpoena to testify before a grand jury of the United States District Court, Eastern District of New York and to provide items and records from its Bay Shore, NY offices in connection with U.S. Department of Defense contracts. A search warrant from the United States District Court, Eastern District of New York was issued and executed with respect to such offices. The Company believes that it is in full compliance with the quality standards that its customers require and is fully cooperating with investigators to assist them with their review. The Company's RFI subsidiary is continuing to ship products to the U.S. Government as well as to its commercial customers.

In addition, the Company is a defendant in several other legal actions in various US and foreign jurisdictions arising from normal course of business. Management believes the Company has meritorious defenses to such actions and that the outcomes will not be material to the Company's consolidated financial statements

c. LEASE COMMITMENTS - The Company leases facilities for its manufacturing operations with expiration dates ranging from 2007 through 2012. In addition, the Company has various office equipment and auto leases accounted for as operating leases. The future minimum annual lease commitments as of July 28, 2007 are as follows:

FISCAL YEARS	AMOUNT
2008 .....	\$329
2009 .....	260
2010 .....	95
2011-2012 .....	75
	----
Total .....	\$759
	====

Rent expense for fiscal years 2007, 2006 and 2005 was \$396, \$300 and \$336, respectively.

15. SUPPLEMENTAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

YEAR ENDED JULY 28, 2007:

	QUARTER			
	FIRST	SECOND	THIRD	FOURTH
Net sales .....	\$ 19,286	\$ 26,771	\$ 27,122	\$ 30,988
Gross margin .....	\$ 4,011	\$ 6,749	\$ 6,025	\$ 8,232
Income (loss) from continuing operations ....	\$ (487)	\$ 1,082	\$ 1,056	\$ 2,165
Discontinued operation .....	\$ --	\$ --	\$ --	\$ --

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Net income (loss) .....	\$ (487)	\$ 1,082	\$ 1,056	\$ 2,165
Basic earnings per share:				

Income (loss) from continuing operations ....	\$	(0.04)	\$	0.09	\$	0.06	\$	0.09
Discontinued operation .....	\$	--	\$	--	\$	--	\$	--
Net income (loss) per share .....	\$	(0.04)	\$	0.09	\$	0.06	\$	0.09
Diluted earnings per share:								
Income (loss) from continuing operations ....	\$	(0.04)	\$	0.09	\$	0.06	\$	0.09
Discontinued operation .....	\$	--	\$	--	\$	--	\$	--
Net income (loss) per share .....	\$	(0.04)	\$	0.09	\$	0.06	\$	0.09

YEAR ENDED JULY 29, 2006

	QUARTER			
	FIRST	SECOND	THIRD	FOURTH
Net sales .....	\$ 16,239	\$ 21,994	\$ 20,804	\$ 23,977
Gross margin .....	\$ 3,735	\$ 5,214	\$ 4,502	\$ 5,907
Income (loss) from continuing operations ....	\$ (483)	\$ (60)	\$ (73)	\$ 885
Discontinued operation .....	\$ --	\$ --	\$ --	\$ (175)
Net income (loss) .....	\$ (483)	\$ (60)	\$ (73)	\$ 710
Basic earnings per share:				
Income (loss) from continuing operations ....	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ 0.08
Discontinued operation .....	\$ --	\$ --	\$ --	\$ (0.01)
Net income (loss) per share .....	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ 0.07
Diluted earnings per share:				
Income (loss) from continuing operations ....	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ 0.07
Discontinued operation .....	\$ --	\$ --	\$ --	\$ (0.01)
Net income (loss) per share .....	\$ (0.05)	\$ (0.01)	\$ (0.01)	\$ 0.06

## DEL GLOBAL TECHNOLOGIES CORP.

## 2007 INCENTIVE STOCK PLAN

## 1. PURPOSE OF THE PLAN.

This 2007 Incentive Stock Plan (the "Plan") is intended as an incentive, to retain in the employ of and as directors, officers, consultants, advisors and employees to Del Global Technologies Corp., a New York corporation (the "Company"), and any Subsidiary of the Company, within the meaning of Section 424(f) of the United States Internal Revenue Code of 1986, as amended (the "Code"), persons of training, experience and ability, to attract new directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage the sense of proprietorship and to stimulate the active interest of such persons in the development and financial success of the Company and its Subsidiaries.

It is further intended that certain options granted pursuant to the Plan shall constitute incentive stock options within the meaning of Section 422 of the Code (the "Incentive Options") while certain other options granted pursuant to the Plan shall be nonqualified stock options (the "Nonqualified Options"). Incentive Options and Nonqualified Options are hereinafter referred to collectively as "Options."

The Company intends that the Plan meet the requirements of Rule 16b-3 ("Rule 16b-3") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and that transactions of the type specified in subparagraphs (c) to (f) inclusive of Rule 16b-3 by officers and directors of the Company pursuant to the Plan will be exempt from the operation of Section 16(b) of the Exchange Act. Further, the Plan is intended to satisfy the performance-based compensation exception to the limitation on the Company's tax deductions imposed by Section 162(m) of the Code with respect to those Options for which qualification for such exception is intended. In all cases, the terms, provisions, conditions and limitations of the Plan shall be construed and interpreted consistent with the Company's intent as stated in this Section 1.

## 2. ADMINISTRATION OF THE PLAN.

The Board of Directors of the Company (the "Board") shall appoint and maintain as administrator of the Plan a Committee (the "Committee") consisting of two or more directors who are "Non-Employee Directors" (as such term is defined in Rule 16b-3) and "Outside Directors" (as such term is defined in Section 162(m) of the Code), which shall serve at the pleasure of the Board. The Committee, subject to Sections 3, 5 and 6 hereof, shall have full power and authority to designate recipients of Options and restricted stock ("Restricted Stock") and to determine the terms and conditions of the respective Option and Restricted Stock agreements (which need not be identical) and to interpret the provisions and supervise the administration of the Plan. The Committee shall have the authority, without limitation, to designate which Options granted under the Plan shall be Incentive Options and which shall be Nonqualified Options. To the extent any Option does not qualify as an Incentive Option, it shall constitute a separate Nonqualified Option.

Subject to the provisions of the Plan, the Committee shall interpret the Plan and all Options and Restricted Stock granted under the Plan, shall make such rules as it deems necessary for the proper administration of the Plan, shall make all other determinations necessary or advisable for the administration of the Plan and shall correct any defects or supply any omission or reconcile any inconsistency in the Plan or in any Options or Restricted Stock granted under the Plan in the manner and to the extent that the Committee deems desirable to carry into effect the Plan or any Options or Restricted Stock. The act or determination of a majority of the Committee shall be the act or determination of the Committee and any decision reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made by a majority at a meeting duly held. Subject to the provisions of the Plan, any action taken or determination made by the Committee pursuant to this and the other Sections of the Plan shall be conclusive on all parties.

In the event that for any reason the Committee is unable to act or if the Committee at the time of any grant, award or other acquisition under the Plan does not consist of two or more Non-Employee Directors, or if there shall be no such Committee, then the Plan shall be administered by the Board, and references herein to the Committee (except in the proviso to this sentence) shall be deemed to be references to the Board, and any such grant, award or other acquisition may be approved or ratified in any other manner contemplated by subparagraph (d) of Rule 16b-3; provided, however, that grants to the Company's Chief Executive Officer or to any of the Company's other four most highly compensated officers that are intended to qualify as performance-based compensation under Section 162(m) of the Code may only be granted by the Committee.

## 3. DESIGNATION OF OPTIONEES AND GRANTEEES.

The persons eligible for participation in the Plan as recipients of Options (the "Optionees") or Restricted Stock (the "Grantees" and together with Optionees, the "Participants") shall include directors, officers and employees of the Company and consultants subject to their meeting the eligibility requirements of Rule 701 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), provided that Incentive Options may only be granted to employees of the Company and any Subsidiary. In selecting Participants, and in determining the number of shares to be covered by each Option or shares of Restricted Stock granted to Participants, the Committee may consider any factors it deems relevant, including without limitation, the office or position held by the Participant or the Participant's relationship to the Company, the Participant's degree of responsibility for and contribution to the growth and success of the Company or any Subsidiary, the Participant's length of service, promotions and potential. A Participant who has been granted an Option or Restricted Stock hereunder may be granted an additional Option or Options, or Restricted Stock if the Committee shall so determine.

## 4. STOCK RESERVED FOR THE PLAN.

Subject to adjustment as provided in Section 8 hereof, a total of 1,000,000 shares of the Company's Common Stock, par value \$0.10 per share (the "Stock"), shall be subject to the Plan. The maximum number of shares of Stock

that may be subject to Options granted under the Plan to any individual in any calendar year shall not exceed 200,000 shares and the method of counting such shares shall conform to any requirements applicable to performance-based compensation under Section 162(m) of the Code, if qualification as performance-based compensation under Section 162(m) of the Code is intended. The shares of Stock subject to the Plan shall consist of unissued shares, treasury shares or previously issued shares held by any Subsidiary of the Company, and such amount of shares of Stock shall be and is hereby reserved for such purpose. Any of such shares of Stock that may remain unissued and that are not subject to outstanding Options at the termination of the Plan shall cease to be reserved for the purposes of the Plan, but until termination of the Plan the Company shall at all times reserve a sufficient number of shares of Stock to meet the requirements of the Plan. Should any Option or share of Restricted Stock expire or be canceled prior to its exercise or vesting in full or should the number of shares of Stock to be delivered upon the exercise or vesting in full of an Option or share of Restricted Stock be reduced for any reason, the shares of Stock theretofore subject to such Option or share of Restricted Stock may be subject to future Options or shares of Restricted Stock under the Plan, except where such reissuance is inconsistent with the provisions of Section 162(m) of the Code where qualification as performance-based compensation under Section 162(m) of the Code is intended.

#### 5. TERMS AND CONDITIONS OF OPTIONS.

Options granted under the Plan shall be subject to the following conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable:

(a) **OPTION PRICE.** The purchase price of each share of Stock purchasable under an Incentive Option shall be determined by the Committee at the time of grant, but shall not be less than 100% of the Fair Market Value (as defined below) of such share of Stock on the date the Option is granted; provided, however, that with respect to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, the purchase price per share of Stock shall be at least 110% of the Fair Market Value per share of Stock on the date of grant. The purchase price of each share of Stock purchasable under a Nonqualified Option shall not be less than 100% of the Fair Market Value of such share of Stock on the date the Option is granted. The exercise price for each Option shall be subject to adjustment as provided in Section 8 below. "Fair Market Value" means the closing price on the date of grant on the principal securities exchange on which shares of Stock are listed (if the shares of Stock are so listed), or on the NASDAQ Stock Market (if the shares of Stock are regularly quoted on the NASDAQ Stock Market), or, if not so listed or regularly quoted, the mean between the closing bid and asked prices of publicly traded shares of Stock in the over the counter market, or, if such bid and asked prices shall not be available, as reported by any nationally recognized quotation service selected by the Company, or as determined by the Committee in a manner consistent with the provisions of the Code. Anything in this Section 5(a) to the contrary notwithstanding, in no event shall the purchase price of a share of Stock be less than the minimum price permitted under the rules and policies of any national securities exchange on which the shares of Stock are listed.

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(b) **OPTION TERM.** The term of each Option shall be fixed by the Committee, but no Option shall be exercisable more than ten years after the date such Option is granted and in the case of an Incentive Option granted to an Optionee who, at the time such Incentive Option is granted, owns (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of stock of the Company or of any Subsidiary, no such Incentive Option shall be exercisable more than five years after the date such Incentive Option is granted.

(c) **EXERCISABILITY.** Subject to Section 5(j) hereof, Options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Committee at the time of grant; provided, however, that in the absence of any Option vesting periods designated by the Committee at the time of grant, Options shall vest and become exercisable as to one-quarter of the total amount of shares subject to the Option on each of the first, second, third and fourth anniversaries of the date of grant; and provided further that no Options shall be exercisable until such time as any vesting limitation required by Section 16 of the Exchange Act, and related rules, shall be satisfied if such limitation shall be required for continued validity of the exemption provided under Rule 16b-3(d)(3).

For purposes of the Plan, a Change in Control shall be deemed to have occurred if:

(i) An acquisition (other than directly from the Company) of any voting securities of the Company (the "Voting Securities") by any "Person" (as the term "person" is used for purposes of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), immediately after which such Person has "Beneficial Ownership" (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than fifty percent (50%) of (1) the then-outstanding shares of common stock of the Company (or any other securities into which such shares of common stock are changed or for which such shares of common stock are exchanged) (the "Shares") or (2) the combined voting power of the Company's then-outstanding Voting Securities; PROVIDED, HOWEVER, that in determining whether a Change in Control has occurred pursuant to this paragraph (a), the acquisition of Shares or Voting Securities in a "Non-Control Acquisition" (as hereinafter defined) shall not constitute a Change in Control. A "Non-Control Acquisition" shall mean an acquisition by (i) an employee benefit plan (or a trust forming a part thereof) maintained by (A) the Company or (B) any corporation or other Person the majority of the voting power, voting equity securities or equity interest of which is owned, directly or indirectly, by the Company (for purposes of this definition, a "Related Entity"), (ii) the Company or any Related Entity, or (iii) any Person in connection with a "Non-Control Transaction" (as hereinafter defined);

(ii) The individuals who, as of the Effective Date, are members of the board of directors of the Company (the "Incumbent Board"), cease for any reason to constitute at least a majority of the members of the board of directors of the Company or, following a Merger (as hereinafter defined), the board of directors of (x) the corporation resulting from such Merger (the

"Surviving Corporation"), if fifty percent (50%) or more of the combined voting power of the then-outstanding voting securities of the Surviving Corporation is not Beneficially Owned, directly or indirectly, by another Person (a "Parent Corporation") or (y) if there is one or more than one Parent Corporation, the ultimate Parent Corporation; PROVIDED, HOWEVER, that, if the election, or nomination for election by the Company's common stockholders, of any new

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director was approved by a vote of at least two-thirds of the Incumbent Board, such new director shall, for purposes of the Plan, be considered a member of the Incumbent Board; and PROVIDED, further, HOWEVER, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of an actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the board of directors of the Company (a "Proxy Contest"), including by reason of any agreement intended to avoid or settle any Proxy Contest; or

(iii) The consummation of:

(a) A merger, consolidation or reorganization (1) with or into the Company or (2) in which securities of the Company are issued (a "Merger"), unless such Merger is a "Non-Control Transaction." A "Non-Control Transaction" shall mean a Merger in which:

(i) the stockholders of the Company immediately before such Merger own directly or indirectly immediately following such Merger at least fifty percent (50%) of the combined voting power of the outstanding voting securities of (x) the Surviving Corporation, if there is no Parent Corporation or (y) if there is one or more than one Parent Corporation, the ultimate Parent Corporation;

(ii) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such Merger constitute at least a majority of the members of the board of directors of (x) the Surviving Corporation, if there is no Parent Corporation, or (y) if there is one or more than one Parent Corporation, the ultimate Parent Corporation; and

(iii) no Person other than (1) the Company, (2) any Related Entity, or (3) any employee benefit plan (or any trust forming a part thereof) that, immediately prior to the Merger, was maintained by the Company or any Related Entity, or (4) any Person who, immediately prior to the Merger had Beneficial Ownership of twenty percent (20%) or more of the then outstanding Shares or Voting Securities, has Beneficial Ownership, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the outstanding voting securities or common stock of (x) the Surviving Corporation, if fifty percent (50%) or more of the combined voting power of the then outstanding voting securities of the Surviving Corporation is not Beneficially Owned, directly or indirectly by a Parent Corporation, or (y) if there is one or more than one Parent Corporation, the ultimate Parent Corporation;

(b) A complete liquidation or dissolution of the Company; or

(c) The sale or other disposition of all or substantially all of the assets of the Company and its subsidiaries taken as a whole to any Person (other than (x) a transfer to a Related Entity, (y) a

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transfer under conditions that would constitute a Non-Control Transaction, with the disposition of assets being regarded as a Merger for this purpose or (z) the distribution to the Company's stockholders of the stock of a Related Entity or any other assets).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (the "Subject Person") acquired Beneficial Ownership of more than the permitted amount of the then outstanding Shares or Voting Securities as a result of the acquisition of Shares or Voting Securities by the Company which, by reducing the number of Shares or Voting Securities then outstanding, increases the proportional number of shares Beneficially Owned by the Subject Persons; PROVIDED, that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Shares or Voting Securities by the Company and, after such share acquisition by the Company, the Subject Person becomes the Beneficial Owner of any additional Shares or Voting Securities and such Beneficial Ownership increases the percentage of the then outstanding Shares or Voting Securities Beneficially Owned by the Subject Person, then a Change in Control shall occur.

(d) METHOD OF EXERCISE. Options to the extent then exercisable may be exercised in whole or in part at any time during the option period, by giving written notice to the Company specifying the number of shares of Stock to be purchased, accompanied by payment in full of the purchase price, in cash, or by check or such other instrument as may be acceptable to the Committee. As determined by the Committee, in its sole discretion, at or after grant, payment in full or in part may be made at the election of the Optionee (i) in the form of Stock owned by the Optionee (based on the Fair Market Value of the Stock) which is not the subject of any pledge or security interest, (ii) in the form of shares of Stock withheld by the Company from the shares of Stock otherwise to be received with such withheld shares of Stock having a Fair Market Value equal to the exercise price of the Option, or (iii) by a combination of the foregoing, such Fair Market Value determined by applying the principles set forth in Section 5(a), provided that the combined value of all cash and cash equivalents and the Fair Market Value of any shares surrendered to the Company is at least equal to such exercise price and except with respect to (ii) above, such method of payment will not cause a disqualifying disposition of all or a portion of the Stock received upon exercise of an Incentive Option. Notwithstanding the foregoing, an Optionee may not take any actions that are prohibited by the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated by the Securities and Exchange Commission or any agency thereunder. An Optionee shall have the right to dividends and other rights of a stockholder with respect to

shares of Stock purchased upon exercise of an Option at such time as the Optionee (i) has given written notice of exercise and has paid in full for such shares, and (ii) has satisfied such conditions that may be imposed by the Company with respect to the withholding of taxes.

(e) NON-TRANSFERABILITY OF OPTIONS. Options are not transferable and may be exercised solely by the Optionee during his lifetime or after his death by the person or persons entitled thereto under his will or the laws of descent and distribution. The Committee, in its sole discretion, may permit a transfer of a Nonqualified Option to (i) a trust for the benefit of the Optionee, (ii) a member of the Optionee's immediate family (or a trust for his or her benefit) or (iii) pursuant to a domestic relations order. Any attempt to transfer, assign, pledge or otherwise dispose of, or to subject to execution, attachment or similar process, any Option contrary to the provisions hereof shall be void and ineffective and shall give no right to the purported transferee.

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(f) TERMINATION BY DEATH. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of death, the Option may thereafter be exercised, to the extent then exercisable (or on such accelerated basis as the Committee shall determine at or after grant), by the legal representative of the estate or by the legatee of the Optionee under the will of the Optionee, for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or until the expiration of the stated term of such Option as provided under the Plan, whichever period is shorter.

(g) TERMINATION BY REASON OF DISABILITY. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of total and permanent disability, any Option held by such Optionee may thereafter be exercised, to the extent it was exercisable at the time of termination due to disability (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after three (3) months after the date of such termination of employment or service (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or the expiration of the stated term of such Option, whichever period is shorter; PROVIDED, HOWEVER, that, if the Optionee dies within such three (3) month period, any unexercised Option held by such Optionee shall thereafter be exercisable to the extent to which it was exercisable at the time of death for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or for the stated term of such Option, whichever period is shorter.

(h) TERMINATION BY REASON OF RETIREMENT. Unless otherwise determined by the Committee, if any Optionee's employment with or service to the Company or any Subsidiary terminates by reason of Normal or Early Retirement (as such terms are defined below), any Option held by such Optionee may thereafter be exercised to the extent it was exercisable at the time of such Retirement (or on such accelerated basis as the Committee shall determine at or after grant), but may not be exercised after three (3) months after the date of such termination of employment or service (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or the expiration of the stated term of such Option, whichever date is earlier; provided, however, that, if the Optionee dies within such three (3) month period, any unexercised Option held by such Optionee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one (1) year after the date of such death (or, if later, such time as the Option may be exercised pursuant to Section 14(d) hereof) or for the stated term of such Option, whichever period is shorter.

For purposes of this paragraph (h), "Normal Retirement" shall mean retirement from active employment with the Company or any Subsidiary on or after the normal retirement date specified in the applicable Company or Subsidiary pension plan or if no such pension plan, age 65, and "Early Retirement" shall mean retirement from active employment with the Company or any Subsidiary pursuant to the early retirement provisions of the applicable Company or Subsidiary pension plan or if no such pension plan, age 55.

(i) OTHER TERMINATION. Unless otherwise determined by the Committee upon grant, if any Optionee's employment with or service to the Company or any Subsidiary terminates for any reason other than death, disability or Normal or Early Retirement, the Option shall thereupon terminate, except that

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the portion of any Option that was exercisable on the date of such termination of employment or service may be exercised for the lesser of thirty (30) days after the date of termination or the balance of such Option's term if the Optionee's employment or service with the Company or any Subsidiary or Affiliate is terminated by the Company or such Subsidiary without cause (the determination as to whether termination was for cause to be made by the Committee). The transfer of an Optionee from the employ of or service to the Company to the employ of or service to a Subsidiary, or vice versa, or from one Subsidiary to another, shall not be deemed to constitute a termination of employment or service for purposes of the Plan.

(j) LIMIT ON VALUE OF INCENTIVE OPTION. The aggregate Fair Market Value, determined as of the date the Incentive Option is granted, of Stock for which Incentive Options are exercisable for the first time by any Optionee during any calendar year under the Plan (and/or any other stock option plans of the Company or any Subsidiary) shall not exceed \$100,000.

(k) GRANTS TO FOREIGN EMPLOYEES. The terms of grants to foreign employees may vary from the terms of this Section 5 provided that the terms shall only be more restrictive than any term in this Section 5.

#### 6. TERMS AND CONDITIONS OF RESTRICTED STOCK.

Restricted Stock may be granted under this Plan aside from, or in association with, any other award and shall be subject to the following conditions and shall contain such additional terms and conditions (including provisions relating to the acceleration of vesting of Restricted Stock upon a Change of Control), not inconsistent with the terms of the Plan, as the

Committee shall deem desirable:

(a) GRANTEE RIGHTS. A Grantee shall have no rights to an award of Restricted Stock unless and until Grantee accepts the award within the period prescribed by the Committee and, if the Committee shall deem desirable, makes payment to the Company in cash, or by check or such other instrument as may be acceptable to the Committee. After acceptance and issuance of a certificate or certificates, as provided for below, the Grantee shall have the rights of a stockholder with respect to Restricted Stock subject to the non-transferability and forfeiture restrictions described in Section 6(d) below.

(b) ISSUANCE OF CERTIFICATES. The Company shall issue in the Grantee's name a certificate or certificates for the shares of Common Stock associated with the award promptly after the Grantee accepts such award.

(c) DELIVERY OF CERTIFICATES. Unless otherwise provided, any certificate or certificates issued evidencing shares of Restricted Stock shall not be delivered to the Grantee until such shares are free of any restrictions specified by the Committee at the time of grant.

(d) FORFEITABILITY, NON-TRANSFERABILITY OF RESTRICTED STOCK. Shares of Restricted Stock are forfeitable until the terms of the Restricted Stock grant have been satisfied. Shares of Restricted Stock are not transferable until the date on which the Committee has specified such restrictions have lapsed. Unless otherwise provided by the Committee at or after grant,

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distributions in the form of additional shares or property in respect of shares of Restricted Stock shall be subject to the same restrictions as such shares of Restricted Stock.

(e) CHANGE OF CONTROL. Upon the occurrence of a Change in Control as defined in Section 5(c), the Committee may accelerate the vesting of outstanding Restricted Stock, in whole or in part, as determined by the Committee, in its sole discretion.

(f) TERMINATION OF EMPLOYMENT. Unless otherwise determined by the Committee at or after grant, in the event the Grantee ceases to be an employee or otherwise associated with the Company for any other reason, all shares of Restricted Stock theretofore awarded to him which are still subject to restrictions shall be forfeited and the Company shall have the right to complete the blank stock power. The Committee may provide (on or after grant) that restrictions or forfeiture conditions relating to shares of Restricted Stock will be waived in whole or in part in the event of termination resulting from specified causes, and the Committee may in other cases waive in whole or in part restrictions or forfeiture conditions relating to Restricted Stock.

#### 7. TERM OF PLAN.

No Option or shares of Restricted Stock shall be granted pursuant to the Plan on or after the date that is ten years from the effective date of the Plan, but Options or shares of Restricted Stock theretofore granted may extend beyond that date.

#### 8. CAPITAL CHANGE OF THE COMPANY.

In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, or other change in corporate structure affecting the Stock, the Committee shall make an appropriate and equitable adjustment in the number and kind of shares reserved for issuance under the Plan and in the number and option price of shares subject to outstanding Options granted under the Plan, to the end that after such event each Optionee's proportionate interest shall be maintained (to the extent possible) as immediately before the occurrence of such event. The Committee shall, to the extent feasible, make such other adjustments as may be required under the tax laws so that any Incentive Options previously granted shall not be deemed modified within the meaning of Section 424(h) of the Code. Appropriate adjustments shall also be made in the case of outstanding Restricted Stock granted under the Plan.

The adjustments described above will be made only to the extent consistent with continued qualification of the Option under Section 422 of the Code (in the case of an Incentive Option) and Section 409A of the Code.

#### 9. PURCHASE FOR INVESTMENT/CONDITIONS.

Unless the Options and shares covered by the Plan have been registered under the Securities Act, or the Company has determined that such registration is unnecessary, each person exercising or receiving Options or Restricted Stock under the Plan may be required by the Company to give a representation in writing that he is acquiring the securities for his own account for investment and not with a view to, or for sale in connection with, the distribution of any

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part thereof. The Committee may impose any additional or further restrictions on awards of Options or Restricted Stock as shall be determined by the Committee at the time of award.

#### 10. TAXES.

(a) The Company may make such provisions as it may deem appropriate, consistent with applicable law, in connection with any Options or Restricted Stock granted under the Plan with respect to the withholding of any taxes (including income or employment taxes) or any other tax matters.

(b) If any Grantee, in connection with the acquisition of Restricted Stock, makes the election permitted under Section 83(b) of the Code (that is, an election to include in gross income in the year of transfer the amounts specified in Section 83(b)), such Grantee shall notify the Company of the election with the Internal Revenue Service pursuant to regulations issued under the authority of Code Section 83(b).

(c) If any Grantee shall make any disposition of shares of Stock issued pursuant to the exercise of an Incentive Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying

dispositions), such Grantee shall notify the Company of such disposition within ten (10) days hereof.

#### 11. EFFECTIVE DATE OF PLAN.

The Plan shall be effective on February 22, 2007; provided, however, that if, and only if, certain options are intended to qualify as Incentive Stock Options, the Plan must subsequently be approved by majority vote of the Company's stockholders no later than February 21, 2008, and further, that in the event certain Option grants hereunder are intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, the requirements as to shareholder approval set forth in Section 162(m) of the Code are satisfied.

#### 12. AMENDMENT AND TERMINATION.

The Board may amend, suspend, or terminate the Plan, except that no amendment shall be made that would impair the rights of any Participant under any Option or Restricted Stock theretofore granted without the Participant's consent, and except that no amendment shall be made which, without the approval of the stockholders of the Company would:

(a) materially increase the number of shares that may be issued under the Plan, except as is provided in Section 8;

(b) materially increase the benefits accruing to the Participants under the Plan;

(c) materially modify the requirements as to eligibility for participation in the Plan;

(d) decrease the exercise price of an Incentive Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof or the exercise price of a Nonqualified Option to less than 100% of the Fair Market Value per share of Stock on the date of grant thereof;

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(e) extend the term of any Option beyond that provided for in Section 5(b); or

(f) except as otherwise provided in Sections 5(c), 5(1) and 8 hereof, reduce the exercise price of outstanding Options or effect repricing through cancellations and re-grants of new Options.

Subject to the forgoing, the Committee may amend the terms of any Option theretofore granted, prospectively or retrospectively, but no such amendment shall impair the rights of any Optionee without the Optionee's consent.

It is the intention of the Board that the Plan comply strictly with the provisions of Section 409A of the Code and Treasury Regulations and other Internal Revenue Service guidance promulgated thereunder (the "Section 409A Rules") and the Committee shall exercise its discretion in granting awards hereunder (and the terms of such awards), accordingly. The Plan and any grant of an award hereunder may be amended from time to time (without, in the case of an award, the consent of the Participant) as may be necessary or appropriate to comply with the Section 409A Rules.

#### 13. GOVERNMENT REGULATIONS.

The Plan, and the grant and exercise of Options or Restricted Stock hereunder, and the obligation of the Company to sell and deliver shares under such Options and Restricted Stock shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies, national securities exchanges and interdealer quotation systems as may be required.

#### 14. GENERAL PROVISIONS.

(a) CERTIFICATES. All certificates for shares of Stock delivered under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange Commission, or other securities commission having jurisdiction, any applicable Federal or state securities law, any stock exchange or interdealer quotation system upon which the Stock is then listed or traded and the Committee may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(b) EMPLOYMENT MATTERS. Neither the adoption of the Plan nor any grant or award under the Plan shall confer upon any Participant who is an employee of the Company or any Subsidiary any right to continued employment or, in the case of a Participant who is a director, continued service as a director, with the Company or a Subsidiary, as the case may be, nor shall it interfere in any way with the right of the Company or any Subsidiary to terminate the employment of any of its employees, the service of any of its directors or the retention of any of its consultants or advisors at any time.

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(c) LIMITATION OF LIABILITY. No member of the Committee, or any officer or employee of the Company acting on behalf of the Committee, shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan, and all members of the Committee and each and any officer or employee of the Company acting on their behalf shall, to the extent permitted by law, be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

(d) REGISTRATION OF STOCK. Notwithstanding any other provision in the Plan, no Option may be exercised unless and until the Stock to be issued upon the exercise thereof has been registered under the Securities Act of 1933, as amended, and applicable state securities laws, or are, in the opinion of counsel to the Company, exempt from such registration in the United States. The Company shall not be under any obligation to register under applicable federal or state securities laws any Stock to be issued upon the exercise of an Option granted hereunder in order to permit the exercise of an Option and the issuance and sale of the Stock subject to such Option, although the Company may in its sole discretion register such Stock at such time as the Company shall determine.

If the Company chooses to comply with such an exemption from registration, the Stock issued under the Plan may, at the direction of the Committee, bear an appropriate restrictive legend restricting the transfer or pledge of the Stock represented thereby, and the Committee may also give appropriate stop transfer instructions with respect to such Stock to the Company's transfer agent.

15. NON-UNIFORM DETERMINATIONS.

The Committee's determinations under the Plan, including, without limitation, (i) the determination of the Participants to receive awards, (ii) the form, amount and timing of such awards, (iii) the terms and provisions of such awards and (iv) the agreements evidencing the same, need not be uniform and may be made by it selectively among Participants who receive, or who are eligible to receive, awards under the Plan, whether or not such Participants are similarly situated.

16. GOVERNING LAW.

The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the internal laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable federal law.

DEL GLOBAL TECHNOLOGIES CORP.  
February 22, 2007

## DEL GLOBAL TECHNOLOGIES CORP.

## PRINCIPAL SUBSIDIARIES

AS OF JULY 28, 2007

Name	Jurisdiction of Incorporation or Organization
Del Medical Imaging Corp.	Delaware
Villa Sistemi Medicali S.p.A	Italy
RFI Corporation	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of  
Del Global Technologies Corp.  
Chicago, Illinois

We consent to the incorporation by reference in Registration Statements on Form S-8 (No. 333-38024, No. 333-69723, No. 033-09133, No. 033-65439, No. 033-78910, No. 033-52088, and No. 033-19772), on Form S-1 (No. 333-113866) and on Form S-3 (No. 333-38042) of Del Global Technologies Corp. of our report dated September 27, 2007, relating to the consolidated financial statements which appears in this Annual Report on Form 10-K.

/s/ BDO SEIDMAN, LLP

Chicago, Illinois

October 11, 2007

CERTIFICATIONS

I, James A. Risher, certify that:

1. I have reviewed this Annual Report on Form 10-K of Del Global Technologies Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 11, 2007

/s/ James A. Risher

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James A. Risher  
Chief Executive Officer

CERTIFICATIONS

I, Mark A Zorko, certify that:

1. I have reviewed this Annual Report on Form 10-K of Del Global Technologies Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 11, 2007

/s/ Mark A Zorko

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Mark A Zorko

Principal Financial Officer

Certification of Chief Executive Officer (1)

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the following certification is being made to accompany the Registrant's Annual Report on Form 10-K for the period ended July 28, 2007:

In connection with the Annual Report of Del Global Technologies Corp. (the "Company") on Form 10-K for the period ended July 28, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James A. Risher, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James A. Risher

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Name: James A. Risher

Title: Chief Executive Officer

Date: October 11, 2007

(1) A signed original of this written statement required by Section 906 has been provided to Del Global Technologies Corp and will be retained by Del Global Technologies Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Certification of Principal Financial Officer (1)

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the following certification is being made to accompany the Registrant's Annual Report on Form 10-K for the period ended July 28, 2007:

In connection with the Annual Report of Del Global Technologies Corp. (the "Company") on Form 10-K for the period ended July 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Zorko, Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark A Zorko  
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Name: Mark A Zorko  
Title: Principal Financial Officer  
Date: October 11, 2007

(1) A signed original of this written statement required by Section 906 has been provided to Del Global Technologies Corp and will be retained by Del Global Technologies Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.