

# DGT HOLDINGS CORP.

## FORM 8-K

(Current report filing)

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Address	100 PINE AIRE DRIVE BAY SHORE, NY 11706
Telephone	631 231-6400
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Symbol	DGTC
SIC Code	3679 - Electronic Components, Not Elsewhere Classified
Industry	Medical Equipment & Supplies
Sector	Healthcare
Fiscal Year	07/31

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

FORM 8-K

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

Date of Report (Date of earliest event reported) March 6, 2007  
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DEL GLOBAL TECHNOLOGIES CORP.

-----  
(Exact name of registrant as specified in charter)

New York

0-3319

13-1784308

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(State or other  
jurisdiction of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification No.)

11550 West King Street, Franklin Park, IL

60131

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (847) 288-7000  
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(Former name or former address, if changed since last report)

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

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

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

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

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

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On March 6, 2007, Del Global Technologies Corp., a New York corporation, (the "Company"), announced its results for the fiscal 2007

second quarter.

A copy of the press release is furnished as Exhibit 99.1 to this report.

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

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) EXHIBITS

Exhibit No. -----	Exhibits -----
99.1	Press Release dated March 6, 2007 (announcing fiscal 2007 second quarter financial results).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DEL GLOBAL TECHNOLOGIES CORP.

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(Registrant)

Date: March 6, 2007

By: /s/ Mark A. Zorko

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Mark A. Zorko  
Chief Financial Officer

EXHIBIT INDEX

Exhibit No. -----	Description -----
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99.1

Press Release dated March 6, 2007 (announcing 2007 second quarter financial results).

DEL  
Global  
Technologies  
Corp.

FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES ANNOUNCES  
FISCAL 2007 SECOND QUARTER FINANCIAL RESULTS

COMPANY TO CONDUCT CONFERENCE CALL ON THURSDAY, MARCH 8, 2007

Q2 FY 2007 BUSINESS AND OTHER FINANCIAL HIGHLIGHTS

- o SALES ROSE 21.8% TO \$26.8 MILLION
- o OPERATING INCOME OF \$2.5 MILLION
- o NET INCOME OF \$1.1 MILLION, OR \$0.09 PER DILUTED SHARE
- o BACKLOG AT JANUARY 27, 2007 UP 23.7% TO \$27.7 MILLION FROM \$22.4 MILLION AT JULY 29, 2006
- o COMPANY GENERATES \$5.6 MILLION IN CASH FROM OPERATIONS IN THE FIRST HALF OF FISCAL 2007
- o RIGHTS OFFERING OVERSUBSCRIBED

FRANKLIN PARK, IL - MARCH 6, 2007 -- DEL GLOBAL TECHNOLOGIES CORP. (DGTC) ("Del Global" or "the Company") today announced financial results for its fiscal 2007 second quarter ended January 27, 2007.

Consolidated net sales for the second quarter of fiscal 2007 increased 21.8% to \$26.8 million from \$22.0 million in the second quarter of fiscal 2006, due primarily to higher sales at the Medical Systems Group. Net sales at the Medical Systems Group rose 25.6% to \$23.9 million from \$19.0 million in the comparable prior year period. Sales were favorably impacted by increased sales to the Russian market, an Italian government financed sale of medical equipment to Ethiopia, stronger than expected dental systems sales, and increased sales of higher-priced digital PRODUCTS. Sales at the Power Conversion Group ("RFI") were essentially flat at \$2.9 million versus \$3.0 million in the prior year period.

Consolidated gross margin improved to 25.2% during the second quarter of fiscal 2007 from 23.7% in the second quarter of fiscal 2006. This increase was primarily due to reduced warranty expenses totaling \$0.4 million associated with reserves at the Medical Systems Group reflecting the expiration of the warranty period on several specific customer contracts. Gross margin at the Medical Systems Group during the second quarter of fiscal 2007 improved to 24.5% from 22.6% in the prior year's second quarter due to the reduced warranty expense noted above, partially offset by lower margins associated with increased sales of digital products. While digital products generally have a higher selling price than the non-digital product offerings, they also have a higher cost of sales resulting in lower gross margin percentages. Gross margin at RFI improved to 31.2% from the prior year's second quarter gross margin of 30.9%.

Selling, general and administrative expenses ("SG&A") for the current second quarter declined to 13.6% of net sales from 17.2% of net sales in the prior year's second quarter, primarily as a result of increased sales volume without a corresponding increase in costs. Likewise, total operating expenses declined to

15.7% of net sales from 19.1% of sales in the same period one year ago, also due to higher total sales without a corresponding increase in costs.

Operating income for the current year second quarter was \$2.5 million, a \$1.5 million improvement from operating income of \$1.0 million in the second quarter of fiscal 2006. The Medical Systems Group posted a second quarter fiscal 2007 operating income of \$2.6 million as compared to \$1.3 million in the same period one year ago, while RFI generated operating income of \$0.3 million as compared to \$0.4 million one year ago.

Interest expense for the second quarter of fiscal 2007 was slightly lower than the prior year's second quarter due to lower borrowing balances compared to the prior year.

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

Reflecting the above, Del Global recorded net income in the second quarter of fiscal 2007 of \$1.1 million, or \$0.09 per diluted share on approximately 12.0 million weighted average common shares outstanding ("shares outstanding"), as compared to net loss of \$0.1 million, or \$0.01 per diluted share on approximately 11.1 million shares outstanding, during the second quarter of fiscal 2006.

#### BACKLOG

Consolidated backlog at January 27, 2007 rose 23.7% to approximately \$27.7 million from approximately \$22.4 million at July 29, 2006. Backlog at the Medical Systems Group rose by \$5.2 million from July 29, 2006 levels, reflecting strong international bookings during the six month period ended January 27, 2007. RFI also increased its backlog by \$0.1 million from the beginning of the fiscal year. Substantially all of the backlog should result in shipments within the next 12 months.

#### FINANCIAL CONDITION

Del Global's balance sheet at January 27, 2007 reflected working capital of \$10.3 million, shareholders' equity of \$13.6 million, and a net book value of \$1.16 per share. As of January 27, 2007, Del Global had approximately \$2.1 million of excess borrowing availability under its domestic revolving credit facility compared to \$0.5 million at July 29, 2006. In addition, as of January 27, 2007, Del Global's Villa subsidiary had an aggregate of approximately \$9.5 million of excess borrowing availability under its various short-term credit facilities. Terms of the Italian credit facilities do not permit the use of borrowing availability to directly finance operating activities at Del Global's U.S. subsidiaries.

#### COMMENTS

James A. Risher, Del Global's President and Chief Executive Officer commented, "We are making continued progress towards building greater value for our shareholders, through both immediate and long-term initiatives, and look forward to our future with confidence. We achieved operating profitability and increased backlog at both of our business segments in the second quarter, and are focused on further penetrating new domestic and international markets. Del Global generated approximately \$5.6 million of cash from operations during the first half of fiscal 2007 compared to \$1.4 million in the prior fiscal year period. Del Global's ability to generate operating cash flow reflects the success to date of our various business initiatives, and will serve as an important component of our strategy going forward."

#### RIGHTS OFFERING

Under the terms of the Company's previously announced 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. An aggregate of 12,027,378 shares of Del Global's common stock at a subscription price of \$1.05 per share was offered. The offering was oversubscribed by shareholders. Proceeds from the rights offering of approximately \$12.6 million will be used for debt repayment, anticipated working capital needs, and general corporate purposes. A portion of the net proceeds may also be used to acquire or invest in businesses, products and technologies that Company management believes are complementary to the Company's business. However, the Company has no definitive agreements nor is it in serious discussions to acquire or invest in any business, product or technology. The subscription agent for the rights offering will return to shareholders any excess payments related to over-subscriptions promptly once the results of the rights offering are finalized.

#### INVESTOR CONFERENCE CALL

Del Global will host a conference call on Thursday, March 8, 2007 at 3:00 pm Eastern Time / 2:00 pm Central Time to discuss these results. The telephone number to join this conference call is (888) 737-9832 (Domestic) or (706) 679-0770 (International). A taped replay of the call will be available through 11:59 P.M. Eastern Time on March 22,, 2007. Please dial (800) 642-1687 (Domestic) or (706) 645-9291(International) and enter the number 1381014 to listen to the replay. In addition, the conference call will be broadcast live over the Internet under the "Investor Relations" section of Del Global's web site at [WWW.DELGLOBAL.COM](http://WWW.DELGLOBAL.COM); click on "Presentations & Webcasts." To listen to the live call on the Internet, go to the web site at least 15 minutes early to register, download and install any necessary audio software. If you are unable to participate in the live call, the conference call will be archived and can be accessed on Del Global's website for approximately five business days.

#### ABOUT DEL GLOBAL TECHNOLOGIES

Del Global Technologies Corp. is primarily engaged in the design, manufacture and marketing of high performance diagnostic imaging systems for medical, dental and veterinary applications through the Del Medical Systems Group. Through its U.S. based Del Medical Imaging Corp. and Milan, Italy based Villa Sistemi Medicali S.p.A. subsidiaries the Company offers a broad portfolio of general radiographic, radiographic/fluoroscopic, portable x-ray and digital radiographic systems to the global marketplace. Through its RFI subsidiary, Del Global manufactures proprietary high-voltage power conversion subsystems including electronic filters, high voltage capacitors, pulse modulators, transformers and reactors, and a variety of other products designed for industrial, medical, military and other commercial applications. The company's web site is [WWW.DELGLOBAL.COM](http://WWW.DELGLOBAL.COM).

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

## DEL GLOBAL TECHNOLOGIES CORP.:

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

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

## THE EQUITY GROUP INC.

Devin Sullivan  
Senior Vice President  
(212) 836-9608

## MEDIA RELATIONS:

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

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

	Three Months Ended		Six Months Ended	
	Jan. 27, 2007	Jan. 28, 2006	Jan. 27, 2007	Jan. 28, 2006
	-----	-----	-----	-----
NET SALES	\$26,771	\$21,994	\$46,057	\$38,233
COST OF SALES	20,022	16,780	35,311	29,284
	-----	-----	-----	-----
GROSS MARGIN	6,749	5,214	10,746	8,949
	-----	-----	-----	-----
Selling, general and administrative	3,649	3,773	6,990	6,772
Research and development	551	429	968	782
Litigation settlement costs	--	--	--	500
	-----	-----	-----	-----
Total operating expenses	4,200	4,202	7,958	8,054
	-----	-----	-----	-----
OPERATING INCOME	2,549	1,012	2,788	895
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Interest expense	361	384	688	594
Other expense	37	53	28	40
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NET INCOME BEFORE INCOME TAX PROVISION AND MINORITY INTEREST	2,151	575	2,072	261
INCOME TAX PROVISION	1,069	524	1,477	696
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NET INCOME (LOSS) BEFORE MINORITY INTEREST	1,082	51	595	(435)
MINORITY INTEREST	--	111	--	108
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NET INCOME (LOSS)	\$ 1,082	\$ (60)	\$ 595	\$ (543)
	=====	=====	=====	=====

INCOME (LOSS) PER COMMON SHARE(BASIC AND DILUTED)

Net income (loss) per basic and diluted share	\$ 0.09 =====	\$ (0.01) =====	\$ 0.05 =====	\$ (0.05) =====
Weighted average number of common shares outstanding (in thousands):				
Basic	11,661 =====	11,077 =====	11,653 =====	10,854 =====
Diluted	11,981 =====	11,077 =====	11,927 =====	10,854 =====

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

	January 27, 2007 ----- (Unaudited) -----	July 29, 2006 -----
Current Assets	\$ 42,092	\$ 34,959
Total Assets	\$ 56,179	\$ 49,153
Current Liabilities	\$ 31,823	\$ 28,024
Total Liabilities	\$ 42,607	\$ 36,339
Shareholders' Equity	\$ 13,572	\$ 12,814
Common Shares Outstanding at the End of the Period	11,661	11,636
Book Value Per Share	\$ 1.16	\$ 1.10