

DGT HOLDINGS CORP.

FORM 8-K (Current report filing)

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Sector	Healthcare
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 6, 2008

DEL GLOBAL TECHNOLOGIES CORP.

(Exact name of registrant as specified in its charter)

New York	0-3319	13-1784308
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
11550 West King Street, Franklin Park, IL		60131
(Address of principal executive offices)		(Zip Code)

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

(Former name or former address, if changed since last report.)

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On June 6, 2008, Del Global Technologies Corp., a New York corporation, (the “Company”), announced its results for the fiscal 2008 third quarter.

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

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

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Exhibits</u>
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99.1	Press Release dated June 6, 2008 (announcing fiscal 2008 third quarter financial results).
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SIGNATURES

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

DEL GLOBAL TECHNOLOGIES CORP.

(Registrant)

Date: June 9, 2008

By: /s/ Mark A. Zorko

Mark A. Zorko

Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated June 6, 2008 (announcing 2008 third quarter financial results).



FOR IMMEDIATE RELEASE

DEL GLOBAL TECHNOLOGIES REPORTS FISCAL 2008 THIRD QUARTER FINANCIAL RESULTS

Franklin Park, IL – June 6, 2008 -- Del Global Technologies Corp. (OTCBB: DGTC) ("Del Global" or "the Company") today announced financial results for its fiscal 2008 third quarter and nine months ended April 26, 2008.

Consolidated net sales for the fiscal 2008 third quarter decreased by approximately 9.9% to \$24.4 million from \$27.1 million in the third quarter of fiscal 2007, due primarily to lower sales in Del Global's Medical Systems Group, where net sales decreased 9.8% to \$20.9 million from \$23.2 million in the prior year's third quarter. The sales decrease reflected a decline in international sales volume and reduced sales of the domestic digital product line. Sales at the Power Conversion Group, which consist of the Company's RFI Corporation subsidiary ("RFI") for the third quarter totaled \$3.5 million, a decline of approximately \$0.4 million from the prior year's third quarter sales due to reduced bookings during the period.

Consolidated gross margin for the fiscal 2008 third quarter increased to 23.4% from 22.2% in the comparable prior year period. At the Medical Systems Group, gross margin for the fiscal 2008 third quarter improved to 20.5% from 19.6% in the third quarter of fiscal 2007 primarily due to higher sales of the Del Global legacy product lines, which have lower selling prices, but greater gross margins. At RFI, gross margin improved to 40.3% from 37.7% in the fiscal 2007 third quarter, reflecting a decrease in production costs and increased margins in product mix.

Total operating expenses increased to 28.3% of net sales from 14.8% of net sales in the same period one year ago, the result of higher selling, general and administrative expenses ("SG&A") and increased research and development ("R&D") spending. The \$3.1 million increase in SG&A expense is primarily attributable to: \$1.9 million of one-time, non-cash goodwill impairment charges related to the Medical Systems Group's U.S. medical business; \$0.5 million of increased acquisition exploration expenses; expenses associated with a previously disclosed legal matter; increased stock based compensation charges related to an increased volume of stock options issued during the quarter; and increased professional services fees. A \$0.2 million rise in R&D expenditures was due to increased international development efforts compared to the previous year's third quarter, as well as continued investment in product development.

Primarily as a result of the non-cash goodwill impairment charges discussed above, the Company reported an operating loss of \$1.2 million for the third quarter of fiscal 2008 as compared to operating income of \$2.0 million in the comparable period last year. The Medical Systems Group incurred an operating loss of \$1.9 million, which included the above mentioned goodwill impairment charges, compared to a gain of \$1.3 million for the third quarter of fiscal 2007. RFI posted an operating profit of \$0.8 million as compared to \$0.9 million in the comparable period last year. Unallocated corporate expenses for the third quarter of fiscal 2008 totaled \$0.1 million.

For the third quarter of fiscal 2008, the Company reported a net loss of \$1.6 million, or \$0.07 per diluted share compared to net income of \$1.1 million, or \$0.06 per diluted share, in the third quarter of fiscal 2007. The \$1.9 million of goodwill impairment charges negatively impacted fiscal 2008 third quarter earnings by \$0.08 per diluted share. The increase in weighted average common shares outstanding for the third quarter of fiscal 2008 was due to shares issued in connection with the March 2007 Rights Offering.

BACKLOG

Consolidated backlog at April 26, 2008 decreased by approximately \$0.3 million to \$28.1 million from \$28.4 million at July 28, 2007. Backlog at the Medical Systems Group decreased by approximately \$0.7 million from July 28, 2007, reflecting decreased international bookings of roughly \$1.3 million; offset by increased domestic bookings of roughly \$0.6 million during the nine-month period. At RFI, backlog totaled \$7.0 million at April 26, 2008, an increase of \$0.4 million from levels at the beginning of the fiscal year. Substantially all of the backlog should result in shipments within the next 12 to 15 months.

FINANCIAL CONDITION

Del Global's balance sheet at April 26, 2008 reflected working capital of \$29.5 million, which included \$6.7 million of cash and cash equivalents. At quarter end, Del Global did not have any outstanding borrowings under its U.S. or Italian revolving credit facilities. In the aggregate, the Company had approximately \$22.3 million of borrowing availability under its domestic and Italian revolving credit facilities.

Significant highlights, activities and developments in the third quarter of 2008 and subsequent weeks included:

- The appointment of Dennis Runyan as Del Medical's Vice President of Sales for Digital Systems. Dennis joins Del Medical from Analogic and has been instrumental in developing the Del Medical/Analogic product marketing agreement.
- The appointment of Mauro Scilligo as Vice President of Sales and Marketing at Villa Sistemi Medicali S.p.A., the Company's wholly-owned subsidiary in Italy. Mauro joins Villa from Carestream.
- The announcement of a new three-year distribution agreement with Vision Imaging Partners ("VIP"). In connection with this agreement, VetVision DRds (designed in collaboration with H.R. Simon and Company of Baltimore, Maryland) will now be available exclusively through VIP's network of eighty-four independent dealers nationwide.
- The announcement of a new two-year supply agreement with Pinnacle Management Group for Del Medical's DCChoice product line. Pinnacle is considered to be one of the premier practice management groups for chiropractors worldwide and has over one-thousand affiliate members.

COMMENTS

James A. Risher, Del Global's President and Chief Executive Officer, commented, "While we were not satisfied with our sales performance during the third quarter, we continued to position the Company to capitalize on new opportunities and future growth prospects. We exited the quarter in sound financial condition, and remain focused on further diversifying our product portfolio through new product development and strategic partnerships. We will continue to consider future strategic agreements and partnerships as a method for increasing Del's exposure in a broader range of therapeutic marketplaces, as well as expanding our reach into new geographic regions both inside and outside the U.S."

INVESTOR CONFERENCE CALL

Del Global will host a conference call on Monday, June 9th, 2008 at 10:00 AM Eastern Time / 9:00 AM Central Time to discuss these results. The telephone number to join this conference call is (888) 737-9832 (Domestic) or (706) 679-0770 (International). In addition, the conference call will be broadcast live over the Internet under the "Investor Relations" section of Del Global's web site at www.delglobal.com; click on "Presentations & Webcasts." To listen to the live call on the Internet, go to the web site at least 15 minutes early to register, download and install any necessary audio software. If you are unable to participate in the live call, the conference call will be archived and can be accessed on Del Global's website for approximately 30 business days.

ABOUT DEL GLOBAL TECHNOLOGIES

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

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

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DEL GLOBAL TECHNOLOGIES CORP.

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THE EQUITY GROUP INC.

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DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 26, 2008	April 28, 2007	April 26, 2008	April 28, 2007
Net Sales	\$ 24,450	\$ 27,122	\$ 81,059	\$ 73,179
Cost of Sales	<u>18,735</u>	<u>21,097</u>	<u>61,424</u>	<u>56,408</u>
Gross Margin	<u>5,715</u>	<u>6,025</u>	<u>19,635</u>	<u>16,771</u>
Selling, General and Administrative	4,335	3,465	12,300	10,455
Research and Development	677	540	1,814	1,508
Goodwill Impairment	1,911	-	1,911	-
Total Operating Expenses	<u>6,923</u>	<u>4,005</u>	<u>16,025</u>	<u>11,963</u>
Operating Income (Loss)	(1,208)	2,020	3,610	4,808
Interest expense, net of interest income of \$26 and \$115 for the three and nine months ended in 2008, respectively and \$44 for the three and nine months ended in 2007	(80)	(197)	(229)	(885)
Other Income (Loss)	<u>(26)</u>	<u>(34)</u>	<u>29</u>	<u>(62)</u>
Net Income (Loss) Before Income Tax Provision	(1,314)	1,789	3,410	3,861
Income Tax Provision	<u>324</u>	<u>733</u>	<u>2,515</u>	<u>2,210</u>
Net Income (Loss)	<u>\$ (1,638)</u>	<u>\$ 1,056</u>	<u>\$ 895</u>	<u>\$ 1,651</u>
Net Income (Loss) Per Basic Share	<u>\$ (0.07)</u>	<u>\$ 0.06</u>	<u>\$ 0.04</u>	<u>\$ 0.12</u>
Net Income (Loss) Per Diluted Share	<u>\$ (0.07)</u>	<u>\$ 0.06</u>	<u>\$ 0.04</u>	<u>\$ 0.12</u>
Weighted Average Number of Common Shares Outstanding:				
Basic	<u>24,197,755</u>	<u>17,221,706</u>	<u>24,179,577</u>	<u>13,509,306</u>
Diluted	<u>24,197,755</u>	<u>17,577,210</u>	<u>24,715,789</u>	<u>13,808,630</u>

DEL GLOBAL TECHNOLOGIES CORP. AND SUBSIDIARIES
SELECTED BALANCE SHEET DATA
(In thousands)
(Unaudited)

	<u>April 26, 2008</u>	<u>July 28, 2007</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,741	\$ 7,860
Trade receivables, net	24,703	21,221
Inventories	20,996	21,930
Prepaid expenses and other current assets	1,068	1,180
Total current assets	<u>53,508</u>	<u>52,191</u>
NON-CURRENT ASSETS:		
Property plant and equipment, net	7,269	6,511
Deferred income taxes	954	1,011
Goodwill	4,526	6,437
Other assets	146	189
Total non-current assets	<u>12,895</u>	<u>14,148</u>
TOTAL ASSETS	<u>\$ 66,403</u>	<u>\$ 66,339</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 1,545	\$ 1,086
Accounts payable - trade	13,001	17,125
Accrued expenses	8,166	7,432
Income taxes payable	1,304	1,570
Total current liabilities	<u>24,016</u>	<u>27,213</u>
NON-CURRENT LIABILITIES:		
Long-term debt, less current portion	5,005	5,398
Deferred income taxes	-	292
Other long-term liabilities	3,345	3,240
Total non-current liabilities	<u>8,350</u>	<u>8,930</u>
Total liabilities	<u>32,366</u>	<u>36,143</u>
SHAREHOLDERS' EQUITY:		
Total shareholders' equity	<u>34,037</u>	<u>30,196</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 66,403</u>	<u>\$ 66,339</u>