

Edgar Filing: BONSO ELECTRONICS INTERNATIONAL INC - Form 6-K

BONSO ELECTRONICS INTERNATIONAL INC

Form 6-K

November 16, 2007

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For November 16, 2007

BONSO ELECTRONICS
INTERNATIONAL INC.

(Translation of Registrant's name into English)

Unit 1106-1110, 11/F., Star House 3 Salisbury Road
Tsimshatsui Kowloon, Hong Kong

(Address of principal executive offices)

[Indicate by check mark whether the Registrant files or will file annual reports
under cover of Form 20-F or Form 40-F.]

Form 20-F

Form 40-F

[Indicate by check mark whether the Registrant by furnishing the information
contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of
1934.]

Yes

No

TABLE OF CONTENTS
REPORT FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007 ON FORM 6-K

	Page ----
Consolidated Financial Statements	
Unaudited Consolidated Balance Sheets as of June 30, 2007 and March 31, 2007	3
Unaudited Consolidated Statements of Income and	

Edgar Filing: BONSO ELECTRONICS INTERNATIONAL INC - Form 6-K

Comprehensive Income for the Three-Month Periods Ended June 30, 2007 and 2006	4
Management Discussion and Analysis of Financial Conditions and Results of Operations	5
Liquidity and Capital Resources	6
Stock Repurchase Program	6
Section 404 Compliance	6
Signature	7
Exhibits	
99.1 Press Release Disclosing First Quarter Results dated November 2, 2007	

2

BONSO ELECTRONICS INTERNATIONAL INC. CONSOLIDATED BALANCE SHEET (In U.S. Dollars)

	30-Jun 2007 ----	31-Mar 2007 ----
	(Unaudited)	(Unaudited)
Assets		

Current assets		
Cash and cash equivalents	8,779,578	8,118,018
Trade receivables, net	6,977,212	6,739,567
Inventories, net	15,850,748	14,997,788
Tax recoverable	193,806	2,117
Other receivables, deposits and prepayments	3,706,768	2,678,328
Investment	700,000	700,000
	-----	-----
Total current assets	36,208,112	33,235,818
Deferred income tax assets	87,369	87,369
Goodwill	842,821	842,821
Brand name and other intangible asset, net	2,263,434	2,313,434
Property, plant and equipment, net	10,646,442	11,039,173
	-----	-----
Total assets	50,048,178	47,518,615
	=====	=====
Liabilities and shareholders' equity		

Edgar Filing: BONSO ELECTRONICS INTERNATIONAL INC - Form 6-K

Current liabilities		
Bank overdraft	352,642	459,710
Notes payable	2,693,156	3,736,526
Accounts payable	8,677,694	5,354,326
Accrued charges and deposits	2,301,772	2,357,132
Short-term loans	4,056,729	3,576,366
Income tax liabilities	754,673	814,374
Current portion of capital lease obligations	95,725	95,725
	-----	-----
Total current liabilities	18,932,391	16,394,159
Capital lease obligations, net of current portion	35,327	59,258
Deferred income tax liabilities	13,901	13,901
	-----	-----
Total Liabilities	18,981,619	16,467,318
	-----	-----
Shareholders' equity		

Common stock par value \$0.003 per share		
- authorized shares - 23,333,334		
- issued and outstanding shares : June & March 2007 - 5,577,639	16,729	16,729
Additional paid-in capital	21,764,788	21,764,788
Retained earnings	9,827,186	9,584,181
Accumulated other comprehensive income	786,416	1,014,159
Common stock held at treasury stock (260,717 shares)	(1,328,560)	(1,328,560)
	-----	-----
Total shareholders' equity	31,066,559	31,051,297
	-----	-----
Total liabilities and shareholders' equity	50,048,178	47,518,615
	=====	=====

3

BONSO ELECTRONICS INTERNATIONAL INC.
CONSOLIDATED INCOME STATEMENT
(In Thousands of U.S. Dollars)

	Three months ended June 30	
	2007	2006
	----	----
	(Unaudited)	(Unaudited)
Net sales	16,102	16,121
Cost of sales	(13,025)	(12,843)
Gross margin	3,077	3,278
Selling expenses	598	527
Salaries and related costs	1,426	1,319
Research and development expenses	105	111
Administration and general expenses	854	748
Amortization of brand name	50	50
Income from operations	44	523
Interest Income	31	48
Other income	92	56

Edgar Filing: BONSO ELECTRONICS INTERNATIONAL INC - Form 6-K

Interest Expenses	(134)	(117)
Foreign exchange gains \ (Loss)	211	(30)
Income/(loss) before income taxes	244	480
Income tax expense	(1)	(22)
Net income/(loss) before minority interest	243	458
Net income/(loss)	243	458
	=====	=====
Earnings per share (in U.S.Dollars per share)		
Basic	0.044	0.082
Diluted	0.043	0.081
Weighted average shares (Basic)	5,577,639	5,577,639
Adjusted weighted average shares (diluted)	5,646,810	5,667,085

4

Results of Operations

Three Month Period ended June 30, 2007 compared to the Three Month Period ended June 30, 2006

Net Sales. Our sales decreased 0.12% from \$16,121,239 for the three month period ended June 30, 2006 to \$16,101,978 for the three month period ended June 30, 2007, primarily as a result of sales drop of scales products. Sales of our scales and others business was down of 19.1% from \$11,658,747 for the period ended June 30, 2006 to \$9,435,834 for the period ended June 30, 2007, and sales for telecommunications products were up 49.4% from \$4,462,492 for the three month period ended June 30, 2006 to \$6,666,144 for the three month period ended June 30, 2007.

Gross Margin. Gross margin as a percentage of revenue declined to 19.1% during the three-month period ended June 30, 2007 as compared to 20.3% during the same period in the prior year. This decline was primarily the result of increased costs of materials and labor.

Selling Expenses. Selling expenses increased by 13.6% from \$526,841 for the three month period ended June 30, 2006 to \$598,269 for the three month period ended June 30, 2007. This increase was attributable primarily to increased transportation costs of our finished goods to customers. As a percentage of revenue selling expenses increased to 3.7% during the period ended June 30, 2007 as compared to 3.3% during the prior year.

Salaries And Related Costs. Salaries and related costs increased by 8.1% from \$1,319,096 for the three month period ended June 30, 2006 to \$1,425,735 for the three month period ended June 30, 2007. The increase was primarily caused by an increase in salaries.

Research And Development. Research and development expenses decreased 5.6% from \$110,816 for the period ended June 30, 2006 to \$104,637 for the three month

Edgar Filing: BONSO ELECTRONICS INTERNATIONAL INC - Form 6-K

period ended June 30, 2007 due to decreased research and development activities for telecommunications products and new scale models. Research and Development as a percentage of revenue was 0.7% during the three month periods ended June 30, 2007 and June 30, 2006.

Administration And General Expenses. Administration and general expenses increased by 14.2% from \$747,799 for the period ended June 30, 2006 to \$854,160 for the period ended June 30, 2007. This increase was primarily due to increases in repair and maintenance cost.

Amortization Of Brand Names. We amortized approximately \$50,000 relating to the brand names acquired upon the acquisitions of Korona and Gram Precision during the three month periods ending June 30, 2007 and June 30, 2006. Brand names are amortized using the straight-line method over the related estimated useful life of 15 years.

Income From Operations. As a result of the above changes, income from operations decreased \$478,734 or 91.5% from profit of \$523,178 for the three month period ended June 30, 2006 to \$44,444 for the three-month period ended June 30, 2007.

Interest Income. Interest income decreased \$16,875 or 35% from \$48,187 for the three month period ended June 30, 2006 to \$31,315 for the three month period ended June 30, 2007. This decrease was the result of a decreased cash balance in our interest bearing bank accounts.

Other Income. Other income increased \$36,340 or 65.1% from \$55,821 for the three month period ended June 30, 2006 to \$92,161 for the three month period ended June 30, 2007. The increase was primarily due to increased compensation received from vendors for defective raw materials.

Interest Expenses. Interest expenses increased \$16,535 or 14.1% from \$117,324 for the three month period ended June 30, 2006 to \$133,859 for the three month period ended June 30, 2007. This increase was primarily due to an increase in interest rates on funds borrowed from the bank.

Foreign Exchange Losses/Gains. Foreign exchange gain increased from a loss of \$30,294 for the three month period ended June 30, 2006 to a gain of \$210,844 for the three month period ended June 30, 2007. The increase was primarily attributable to the increased strength of the Canadian Dollars & RMB against the U.S. Dollar.

Net Income. As a result of the above changes, net income decreased from \$457,776 for the three month period ended June 30, 2006 to \$243,583 for the three month period ended June 30, 2007, an decrease of \$214,193, or 46.8%.

5

Liquidity and Capital Resources

We have financed our growth and cash needs to date primarily from internally generated funds and bank debt. Our primary uses of cash have been to fund expansions and upgrades of our manufacturing facilities and to fund increases in inventory.

As of June 30, 2007 we had \$8,779,578 in cash and cash equivalents as compared to \$8,118,018 as of March 31, 2007. Working capital at June 30, 2007 was \$17,275,721 compared to \$16,841,659 at March 31, 2007.

We believe that our cash flows from operations, our current cash balance and funds available under our working capital and credit facilities will be

Edgar Filing: BONSO ELECTRONICS INTERNATIONAL INC - Form 6-K

sufficient to meet our working capital needs and planned capital expenditures in the foreseeable future.

Stock Repurchase Program

On September 19, 2007, the Company's Board of Directors authorized a new program (the "New Share Repurchase Program") for the Company to repurchase up to \$1,500,000 of its common stock. The New Share Repurchase Program does not obligate the Company to acquire any specific number of shares or acquire shares over any specified period of time. No shares were purchased under the New Share Repurchase Program in the first quarter of fiscal 2008 and the Company may, from time to time, repurchase shares of its Common Stock under this program. The Company had previously authorized a program for the Company to repurchase up to \$1,500,000 of its common stock and under this plan 260,717 shares valued at \$1,328,560 were purchased under this program. This authorization to repurchase shares under the new plan increases the aggregate amount available for repurchase under the New Share Repurchase Program and the previous program to \$1,671,440.

Section 404 Compliance

On December 15, 2006, the Securities and Exchange Commission ("the SEC") advised that the SEC was extending further the dates that were published on September 29, 2005, to postpone the compliance date for filing internal control reports by companies not designated as accelerated filers. Under this revised compliance schedule, the Company will be required to include an internal control report of management with the annual report on Form 20-F beginning with the fiscal year ending March 31, 2008 (unless otherwise extended by the SEC). Further, the Company will not be required to file the auditor's attestation report on internal control over financial reporting until it files its annual report for the fiscal year ending March 31, 2009 (unless otherwise extended by the SEC).

6

SIGNATURE

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, thereunto duly authorized.

BONSO ELECTRONICS INTERNATIONAL, INC.
(Registrant)

Date: November 16, 2007

By: /s/ Henry F. Schlueter

Henry F. Schlueter, Assistant Secretary

