

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

BONSO ELECTRONICS INTERNATIONAL INC
Form 6-K
April 03, 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 April 3, 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 SEPTEMBER 30, 2006 ON FORM 6-K

	Page
Consolidated Financial Statements	3 - 5
Audited Consolidated Balance Sheets as of March 31, 2006 and Unaudited Consolidated Balance Sheets as of September 30, 2006	3
Unaudited Consolidated Statements of Income and Comprehensive	

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

Income for the Six-Month Periods Ended September 30, 2005 and 2006 and the Three-Month Periods Ended September 30, 2005 and 2006	5
Management Discussion and Analysis of Financial Conditions and Results of Operations	6
Liquidity and Capital Resources	8
Stock Repurchase Program	8
Section 404 Compliance	9
Submission of Matters to a Vote of Security Holders	9
Exhibit List	9
Signature	10
Exhibit 99.1	

2

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

	30-Sep 2006 ----- (Unaudited)	31-M 20 ----- (Audited)
Assets		
Current assets		
Cash and cash equivalents	10,692,437	8,582,200
Trade receivables, net	8,111,697	6,740,200
Inventories, net	14,955,434	15,035,200
Tax recoverable	416,349	183,300
Other receivables, deposits and prepayments	2,535,078	1,963,000
	-----	-----
Total current assets	36,710,995	32,504,100
Deposits	188,767	188,500
Long term investment	946,711	500,000
Deferred income tax assets - non current	89,992	82,500
Goodwill	842,821	842,800
Brand name net	2,523,443	2,526,900
Property, plant and equipment, net	12,001,357	12,833,900
	-----	-----
Total assets	53,304,086	49,478,800
Liabilities and shareholders' equity		
Current liabilities		
Bank overdraft	488,658	471,200
Notes payable	6,845,269	3,310,600

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

Accounts payable	5,881,097	6,288,2
Accrued charges and deposits	2,352,865	2,434,9
Short-term loans	2,215,131	2,936,4
Current portion of long-term debt and capital lease obligations	103,878	215,1
<hr/>		
Total current liabilities	18,489,235	15,656,7

3

Deferred income tax	19,889	19,8
Total Liabilities	18,509,124	15,676,5
Shareholders' equity		
Preferred stock par value \$0.01 per share		
- authorized shares - 10,000,000		
- issued and outstanding shares : March 2006 & September 2006-nil	--	
Common stock par value \$0.003 per share		
- authorized shares - 23,333,334		
- issued and outstanding shares : March 2006 & September 2006 - 5,577,639	16,729	16,7
Additional paid-in capital	21,764,788	21,764,7
Retained earnings	12,175,139	11,234,0
Accumulated other comprehensive income	838,306	786,7
<hr/>		
	34,794,962	33,802,2
<hr/>		
Total liabilities and shareholders' equity	53,304,086	49,478,8

4

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

	Three months ended September 30	
	2006	2005
	----	----
Net sales	20,710	15,962
Cost of sales	-17,023	-12,840
Gross margin	3,687	3,122
Selling expenses	729	492
Salaries and related costs	1,474	1,375
Research and	125	164

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

development expenses		
Administration and general expenses	716	875
Amortization of Brand Name	50	50
Income from operations	593	166
Interest Income	75	31
Other income	40	172
Interest Expenses	(154)	(83)
Foreign exchange gains \ (Loss)	(71)	(82)
Income before income taxes and minority interest	483	204
Income tax expense	-	40
Net income before minority interest	483	244
Minority interests	-	-
Net income	483	244
Earnings per share		
Basic	0.09	0.04
Diluted	0.08	0.04
Weighted average shares	5,577,639	5,577,639
Adjusted weighted average shares	5,945,411	5,945,411

5

Six Month Period ended September 30, 2006 compared to the Six Month period ended September 30, 2005

Net Sales. During the six-month period ended September 30, 2006, our sales increased 8% from approximately \$34,112,000 for the six-month period ended September 30, 2005, to approximately \$36,831,000. The increased sales were primarily the result of increase of demand for our scales products. Sales from our scales business increased by approximately \$4,944,000 from \$22,183,000 for the six-month period ended September 30, 2005 to \$27,127,000 for the six-month period ended September 30, 2006. Sales from our telecommunications products decreased by approximately \$2,225,000 from approximately \$11,929,000 for the period ended September 30, 2005 to \$9,704,000 for the period ended September 30, 2006.

Gross Margin. Gross margin as a percentage of revenue decreased to 18.9% during the six-month period ended September 30, 2006 as compared to 19.7% during the same period in the prior year. This decline was primarily the result of our cost increase in the area of materials and labor and the increased pressure on the sales price from our customers for both our FRS telecommunication products and scales products.

Selling Expenses. Selling expenses increased by 13% from approximately \$1,107,000 for the six-month period ended September 30, 2005 to approximately \$1,256,000 for the six-month period ended September 30, 2006. The increase was primarily the result of increased in sales and the increase in freight cost due

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

to the rise in oil price. Selling expenses increased as a percentage of revenue to 3.4% during the six-month period ended September 30, 2006 as compared to 3.2% during the period in the prior year.

Salaries And Related Costs. Salaries and related costs increased by 2% from approximately \$2,743,000 for the six-month period ended September 30, 2005 to approximately \$2,793,000 for the six-month period ended September 30, 2006. This increase was primary due to the increased in salaries to our employee.

Research And Development. Research and development expenses decreased 13% from approximately \$272,000 for the six-month period ended September 30, 2005 to approximately \$236,000 for the six-month period ended September 30, 2006. The decrease was primarily due to the completion of various new products design in early this calendar year. Research and development as a percentage of revenue decreased to 0.6% during the period ended September 30, 2006 as compared to 0.8% during the prior year.

Administration And General Expenses. Administration and general expenses decreased by 9% from approximately \$1,616,000 for the six-month period ended September 30, 2005 to approximately \$1,464,000 for the six-month period ended September 30, 2006. This decrease was primarily the result of decreased expenses in consultancy fee and repair and maintenance fee.

Income From Operations. As a result of the above changes, income from operations increased by 25% from approximately \$894,000 for the six-month period ended September 30, 2005 to \$1,116,000 for the six-month period ended September 30, 2006.

Interest Income. Interest income amounted to approximately \$123,000 for the six-month period ended September 30, 2006, compared to \$86,000 in the six-month period ended September 30, 2005. This increase was primarily the result of depositing our cash into higher yield accounts and the increase in interest rates.

6

Other Income. Other income decreased 62% from approximately \$255,000 for the six-month period ended September 30, 2005 to approximately \$96,000 for the six-month period ended September 30, 2006. The decrease was primarily due to a decrease in the disposal of fixed assets.

Interest Expenses. Interest expenses increased 23% from approximately \$220,000 for the six-month period ended September 30, 2005 to approximately \$271,000 for the six-month period ended September 30, 2006. The increase was primarily the result of increased use of the Company's banking facilities.

Foreign Exchange Gains/(Loss) Foreign exchange loss decreased from approximately \$119,000 for the six-month period ended September 30, 2005 to a loss of approximately \$101,000 for the six-month period ended September 30, 2006. The decreased loss was primarily attributable to the less fluctuation between EURO and US\$ during this period as compared to the same period last year.

Net Income. As a result of the above changes, net income increased from approximately \$891,000 for the six month period ended September 30, 2005 to \$941,000 for the six month period ended September 30, 2006, an increase of approximately \$50,000, or 6%.

Three Month Period ended September 30, 2006 compared to the Three Month period

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

ended September 30, 2005

Net Sales. During the three month period ended September 30, 2006, net sales were approximately \$20,710,000 as compared to \$15,962,000 during the three month period ended September 30, 2005, representing an increase of approximately \$4,748,000. The increase was due to the increase demand from our major customers for our telecommunication products and scales. Sales from our scales business increased by approximately \$4,370,000 from \$11,098,000 for the three-month period ended September 30, 2005 to \$15,468,000 for the three-month period ended September 30, 2006. Sales from our telecommunications products increased by approximately \$378,000 from approximately \$4,864,000 for the three-month period ended September 30, 2005 to \$5,242,000 for the period ended September 30, 2006.

Gross Margin. Gross margin as a percentage of revenue declined to 17.8% during the three-month period ended September 30, 2006 as compared to 19.6% during the prior year. This decrease was principally caused by increased labor and material cost of our FRS telecommunication products and scales products.

Selling Expenses. Selling expenses increased by 48.2% from approximately \$492,000 for the period ended September 30, 2005 to approximately \$729,000 for the period ended September 30, 2006. This increase is primarily attributable to the increased sales as compared to the same period in the prior year. Selling expenses as a percentage of revenue increase slightly to 3.5% during the three month period ended September 30, 2006 as compared to 3.1% the same period in the prior year.

Salaries And Related Costs. Salaries and related costs increased by 37.2% from approximately \$1,375,000 for the three months ended September 30, 2005 to approximately \$1,474,000 for the three months ended September 30, 2006. This increase was primary the result of the increased in salaries to our employee.

Research And Development. Research and development expenses decreased 23.8% from approximately \$164,000 for the three months ended September 30, 2005 to approximately \$125,000 for the three months ended September 30, 2006. The decrease was primarily due to the completion of various new products design in early this calendar year.

7

Administration And General Expenses. Administration and general expenses decreased by 18.3% from approximately \$875,000 for the three months ended September 30, 2005 to approximately \$716,000 for the three months ended September 30, 2006. This decrease was primarily the result of decreased expenses in consultancy fee and repair and maintenance fee.

Income From Operations. As a result of the above changes, income from operations increased by 427% from approximately \$166,000 for the three months ended September 30, 2005 to \$593,000 for the three months ended September 30, 2006.

Interest Income. Interest income increased to approximately \$75,000 for the three months ended September 30, 2006, compared to \$31,000 in the three months ended September 30, 2005. This increase was primarily the result of depositing our cash into higher yield accounts and the increase in interest rates.

Other Income. Other income decreased 76.7% from approximately \$172,000 for the three months ended September 2005 to approximately \$40,000 for the three months ended September 30, 2006. The decrease was primarily due to a decrease in the disposal of fixed assets.

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

Interest Expenses. Interest expenses increased 85.5% from approximately \$83,000 for the three months ended September 30, 2005 to approximately \$154,000 for the three months ended September 30, 2006. The increase was primarily the result of increased use of the company's banking facilities.

Foreign Exchange Losses/Gains. Foreign exchange loss decreased from approximately \$82,000 for the three months ended September 30, 2005 to a loss of approximately \$71,000 for the three months ended September 30, 2006. The decreased loss was primarily attributable to the less fluctuation between EURO and US\$ during this period as compared to the same period last year.

Net Income. As a result of the above changes, net income increased from approximately \$244,000 for the three month ended September 30, 2005 to \$483,000 for the three months ended September 30, 2006, an increase of approximately \$239,000, or 98%.

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 September 30, 2006, we had \$10,692,437 in cash and cash equivalents as compared to \$8,582,257 as of March 31, 2006. Working capital at September 30, 2006 was \$18,221,760 compared to \$16,847,370 at March 31, 2006. We believe that our cash flows from operations, our current cash balance and funds available under our working capital and credit facilities will be sufficient to meet our working capital needs and planned capital expenditures in the foreseeable future.

8

Stock Repurchase Program

On November 16, 2006, the Company's Board of Directors authorized a program for the Company to repurchase up to \$1,000,000 of its common stock. This repurchase program does not obligate the Company to acquire any specific number of shares or acquire shares over any specified period of time. Two thousand six hundred seventeen (2,617) shares were purchased under this program in the third quarter of fiscal 2007. The Company may from time to time repurchase shares of its Common Stock under this program. This authorization to repurchase shares increases the amount authorized for repurchase from \$500,000 to \$1,500,000. The Board authorized the previous repurchase program in August of 2001.

Section 404 Compliance

On December 15, 2006, the Securities and Exchange Commission ("the SEC") advised that it 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

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

the fiscal year ending March 31, 2009 (unless otherwise extended by the SEC).

Exhibits List

99.1 Press Release dated November 15, 2006, re the Company's Second Quarter Financial Results

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: April 3, 2007

By: /s/ Henry F. Schlueter

Henry F. Schlueter, Assistant Secretary