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DESWELL INDUSTRIES INC
Form 6-K
August 12, 2004

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

REPORT OF FOREIGN ISSUER

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

For August 10, 2004

DESWELL INDUSTRIES, INC.
(Registrant's name in English)

Unit 516 517, Hong Leong Industrial Complex,
No. 4 Wang Kwong Road, Kowloon Bay,
Kowloon, Hong Kong
(Address of principal executive offices)

DESWELL INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(U.S. dollars in thousands, except per share data)

	Quarter ended	
	June 30,	
	2004	2003
	-----	-----
Net sales	\$ 28,788	\$ 26,075
Cost of sales	20,470	17,664
	-----	-----
Gross profit	8,318	8,411
Selling, general and administrative expenses	3,506	3,765
	-----	-----
Operating income	4,812	4,646
Interest expense	-	-
Other income, net	30	562
	-----	-----
Income before income taxes	4,842	5,208

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Income taxes	131	291
	-----	-----
Income before minority interests	4,711	4,917
Minority interests	716	563
	-----	-----
Net income	\$ 3,995	\$ 4,354
	=====	=====
Basic:		
Net income per share	\$ 0.44	\$ 0.48
	=====	=====
Weighted average common shares outstanding (in thousands)	9,149	9,065
	=====	=====
Diluted:		
Net income per share	\$ 0.42	\$ 0.47
	=====	=====
Weighted average common and potential Common shares (in thousands)	9,485	9,274
	=====	=====

DESWELL INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEET
(U.S. dollars in thousands)

	June 30, 2004	March 31, 2004
	----	----
	(Unaudited)	(Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,842	\$ 30,193
Restricted cash	1,390	390
Accounts receivable, net	22,654	18,957
Inventories	21,935	16,174
Prepaid expenses and other current assets	3,721	2,952
Income taxes receivable	127	127
	-----	-----
Total current assets	77,669	68,793
Property, plant and equipment - net	46,749	44,261
Investment in associates	2	2
Goodwill	478	478
	-----	-----
Total assets	\$ 124,898	\$ 113,534
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 16,876	\$ 11,168
Customer deposits and accrued expenses	5,614	4,619
Income taxes payable	232	130
	-----	-----
Total current liabilities	22,722	15,917
	-----	-----
Deferred income tax	15	15
	-----	-----
Minority interests	8,436	7,872
	-----	-----
Shareholders' equity		
Common stock		

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- authorized 30,000,000 shares; issued and outstanding 9,149,085 shares at June 30, 2004 and 9,149,085 at March 31, 2004	29,980	29,980
Additional paid-in capital	6,970	6,970
Retained earnings	56,775	52,780
	-----	-----
Total shareholders' equity	93,725	89,730
	-----	-----
Total liabilities and shareholders' equity	\$ 124,898	\$ 113,534
	=====	=====

DESWELL INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
(U.S. dollars in thousands)

	Quarter ended June 30,	
	2004	2003
	-----	-----
Cash flows from operating activities:		
Net income	\$ 3,995	\$ 4,354
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,121	1,000
Gain on sale of property, plant and equipment	9	74
Minority interests	716	563
Changes in current assets and liabilities:		
Accounts receivable	(3,697)	(2,906)
Marketable securities	-	(4,712)
Inventories	(5,761)	841
Prepaid expenses and other current assets	(769)	(3,618)
Income taxes receivable	-	-
Accounts payable	5,708	1,099
Customer deposits and accrued expenses	995	897
In income taxes payable	102	80
	-----	-----
Net cash provided by operating activities	2,419	7,096
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,624)	(2,520)
Proceeds from disposal of property, plant and equipment	6	6
	-----	-----
Net cash used in investing activities	(3,618)	(2,514)
	-----	-----
Cash flows from financing activities		
Common stock issued	-	819
Dividends paid to minority shareholders of a subsidiary	(126)	-
Contribution from minority shareholders of a subsidiary	(26)	-
Increase in restricted cash	(1,000)	(1)
	-----	-----
Net cash (used in)/provided by financing activities	(1,152)	818
	-----	-----

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Net (decrease)/increase in cash and cash equivalents	(2,351)	5,400
Cash and cash equivalents, at beginning of period	30,193	34,400
	-----	-----
Cash and cash equivalents, at end of period	27,842	39,800
	=====	=====

Supplementary disclosures of cashflow information:

Cash paid during the period for:

Interest	-	-
Income taxes	29	212
	=====	=====

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.

For and on behalf of
Deswell Industries, Inc.

By: /s/ Richard Lau

Richard Lau
Chief Executive Officer

Date: August 10, 2004