

**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): September 14, 2009

**WPCS INTERNATIONAL INCORPORATED**

(Exact name of registrant as specified in its charter)

**Delaware  
(State or Other Jurisdiction  
of Incorporation)**

**0-26277  
(Commission  
File Number)**

**98-0204758  
(IRS Employer  
Identification No.)**

**One East Uwchlan Avenue, Suite 301, Exton, PA 19341  
(Address of principal executive offices)**

**Registrant's telephone number, including area code: (610) 903-0400**

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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))
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**ITEM 2.02 Results of Operations and Financial Condition**

On September 14, 2009, WPCS International Incorporated (the "Company") announced its financial results for the first fiscal quarter ended July 31, 2009. A copy of the press release that discusses this matter is filed as Exhibit 99.1 to, and incorporated by reference in, this report. The information in this Current Report is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. The information in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, except as shall be expressly set forth by specific reference in any such filing.

**ITEM 7.01 Regulation FD Disclosure.**

On September 14, 2009, the Company held an earnings conference call to discuss its unaudited financial results for the first quarter ended July 31, 2009. The script of the earnings conference call is attached hereto as Exhibit 99.2 and is incorporated by reference into this Item 7.01.

**ITEM 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Press Release, dated September 14, 2009, issued by WPCS International Incorporated.

99.2 Script of September 14, 2009 Earnings Conference Call.

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**SIGNATURE**

Pursuant to the requirement 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.

**WPCS INTERNATIONAL INCORPORATED**

Date: September 14, 2009

By: /s/ JOSEPH HEATER

Joseph Heater  
Chief Financial Officer

## WPCS Reports FY2010 First Quarter Financial Results

**EXTON, PA - (PR Newswire-First Call) - September 14, 2009 - NASDAQ: WPCS -News)** - WPCS International Incorporated (NASDAQ: WPCS), a leader in design-build engineering services for communications infrastructure, today announced financial results for its fiscal year 2010 first quarter ended July 31, 2009. For the first quarter, WPCS reported revenue of \$25.3 million compared to \$28.3 million a year ago and net income was \$435,000 or \$0.06 per diluted share compared to net income of \$838,000 or \$0.12 per diluted share for the same period in the prior year. Consolidated gross margin increased sequentially to 28%.

Andrew Hidalgo, CEO of WPCS, commented, "Overall, we are pleased with the first quarter results as it met our projected expectations. WPCS is reaffirming its guidance for fiscal year 2010 of \$112 million in revenue, \$2.2 million to \$2.4 million in net income and \$0.31 to \$0.34 in fully diluted earnings per share. We believe the company is operating efficiently and is poised for earnings growth with anticipated higher revenue in the quarters ahead. In the first quarter, WPCS generated \$2.8 million in cash from operations. The company continues to maintain a healthy balance sheet with \$8.6 million in cash, \$21.6 million in working capital and \$5.6 million in credit line borrowings. The credit line borrowing to working capital ratio remains strong at 26%. We continue to view this ratio as an important indicator of our financial strength and ability to finance our growth from our operations. As of July 31, 2009, WPCS had approximately \$32 million of backlog and \$161 million of bid activity. In summary, we believe WPCS is building a foundation of consistent profitability as we plan for a higher level of earnings growth while expanding our design-build engineering services for communications infrastructure on a global scale."

As a reminder, there will be an investor conference call at 5:00 pm ET today. To participate on the conference call, please dial 888-299-4099 for calls within the U.S. and 302-709-8337 for calls from international locations. Upon reaching the operator, verbally transmit the participant code VH81647. Andrew Hidalgo, CEO of WPCS, will be discussing the company's financial results, market conditions and strategic development. When the overview concludes, your questions can be asked by pressing \*1 and your questions can be removed from the queue by pressing the number sign. Replays of the conference call will be available for a period of five days by dialing 402-220-2946 and using 81647# as the pass code.

About WPCS International Incorporated:

WPCS is a design-build engineering company that focuses on the implementation requirements of communications infrastructure. The company provides its engineering capabilities including wireless communication, specialty construction and electrical power to the public services, healthcare, energy and corporate enterprise markets worldwide. For more information, please visit [www.wpcs.com](http://www.wpcs.com)

*Statements about the company's future expectations, including future revenue and earnings and all other statements in this press release, other than historical facts, are "forward looking" statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve risks and uncertainties and are subject to change at any time. The company's actual results could differ materially from expected results. In reflecting subsequent events or circumstances, the company undertakes no obligation to update forward looking statements.*

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Contact:

WPCS International Incorporated  
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**WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Unaudited)

	<b>Three Months Ended</b>	
	<b>July 31,</b>	
	<b>2009</b>	<b>2008</b>
		(Note 1)
REVENUE	\$ 25,283,783	\$ 28,267,531
<b>COSTS AND EXPENSES:</b>		
Cost of revenue	18,157,812	20,184,874
Selling, general and administrative expenses	5,853,484	5,937,489
Depreciation and amortization	649,944	689,142
Total costs and expenses	<u>24,661,240</u>	<u>26,811,505</u>
OPERATING INCOME	622,543	1,456,026
<b>OTHER EXPENSE (INCOME):</b>		
Interest expense	62,360	111,603
Interest income	<u>(1,919)</u>	<u>(26,039)</u>
INCOME BEFORE INCOME TAX PROVISION	562,102	1,370,462
Income tax provision	<u>238,082</u>	<u>490,905</u>
NET INCOME	324,020	879,557
Less: Net (loss) income attributable to noncontrolling interest	<u>(110,897)</u>	<u>41,246</u>
NET INCOME ATTRIBUTABLE TO WPCS	<u>434,917</u>	<u>838,311</u>
Basic net income per common share attributable to WPCS	<u>\$ 0.06</u>	<u>\$ 0.12</u>
Diluted net income per common share attributable to WPCS	<u>\$ 0.06</u>	<u>\$ 0.12</u>
Basic weighted average number of common shares outstanding	<u>6,942,266</u>	<u>7,251,083</u>
Diluted weighted average number of common shares outstanding	<u>6,959,883</u>	<u>7,260,035</u>

**WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

ASSETS	<b>July 31, 2009</b>	<b>April 30, 2009</b>
	(Unaudited)	(Note 1)
CURRENT ASSETS:		
Cash and cash equivalents	\$ 8,616,347	\$ 6,396,810
Accounts receivable, net of allowance of \$138,421 and \$155,458 at July 31, 2009 and April 30, 2009, respectively	24,349,603	25,662,784
Costs and estimated earnings in excess of billings on uncompleted contracts	4,467,664	5,229,043
Inventory	2,666,690	2,481,383
Prepaid expenses and other current assets	2,226,899	1,674,952
Prepaid income taxes	103,084	295,683
Deferred tax assets	223,687	70,413
Total current assets	<u>42,653,974</u>	<u>41,811,068</u>
PROPERTY AND EQUIPMENT, net	6,698,587	6,668,032
OTHER INTANGIBLE ASSETS, net	1,917,799	1,983,879
GOODWILL	32,884,947	32,549,186
OTHER ASSETS	<u>131,786</u>	<u>132,948</u>
Total assets	<u>\$ 84,287,093</u>	<u>\$ 83,145,113</u>

**WPCS INTERNATIONAL INCORPORATED AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (continued)**

**LIABILITIES AND EQUITY**

	<b>July 31, 2009</b>	<b>April 30, 2009</b>
	(Unaudited)	(Note 1)
<b>CURRENT LIABILITIES:</b>		
Current portion of loans payable	\$ 73,936	\$ 89,210
Borrowings under line of credit	5,626,056	5,626,056
Current portion of capital lease obligations	95,293	96,001
Accounts payable and accrued expenses	8,139,514	8,997,296
Billings in excess of costs and estimated earnings on uncompleted contracts	3,466,967	2,511,220
Deferred revenue	702,209	507,650
Due to shareholders	2,957,031	2,951,008
Total current liabilities	21,061,006	20,778,441
Loans payable, net of current portion	58,462	71,634
Capital lease obligations, net of current portion	128,655	151,425
Deferred tax liabilities	1,555,631	1,467,971
Total liabilities	22,803,754	22,469,471
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY:</b>		
Preferred stock - \$0.0001 par value, 5,000,000 shares authorized, none issued	-	-
Common stock - \$0.0001 par value, 25,000,000 shares authorized, 6,942,266 shares issued and outstanding at July 31, 2009 and April 30, 2009, respectively	694	694
Additional paid-in capital	50,209,938	50,175,479
Retained earnings	9,816,106	9,381,189
Accumulated other comprehensive income (loss) on foreign currency translation	127,420	(321,798)
Total WPCS shareholders' equity	60,154,158	59,235,564
Noncontrolling interest	1,329,181	1,440,078
Total equity	61,483,339	60,675,642
Total liabilities and equity	\$ 84,287,093	\$ 83,145,113

Note 1: Certain reclassifications have been made to prior period financial statements to conform to current presentation.

INVESTOR CONFERENCE CALL - September 14, 2009

[OPERATOR]

Good afternoon ladies and gentlemen. Thank you for standing by. Welcome to the WPCS International Incorporated fiscal year 2010 first quarter investor conference call. Your host for today's call is Andy Hidalgo, chairman and CEO of WPCS International Incorporated. Before I turn the call over to Mr. Hidalgo, please be advised that the participants on today's call will be in a listen only mode until Mr. Hidalgo has concluded his opening remarks. Upon conclusion of the opening remarks, there will be a question and answer session.

In addition, we would like to note that statements about the company's future expectations, including future revenue and earnings and all other statements made during this investor conference call, other than historical facts, are forward looking statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward looking statements involve risks and uncertainties and are subject to change at any time. The company's actual results could differ materially from expected results. In reflecting subsequent events or circumstances, the company undertakes no obligation to update forward looking statements. I will now turn the call over to Mr. Hidalgo.

[ANDY HIDALGO]

Good afternoon ladies and gentlemen and welcome to our fiscal year 2010 first quarter investor conference call. The agenda for today's call will include a discussion of our first quarter financial results and our fiscal year 2010 financial expectations. In addition, I will discuss market conditions and conclude with a review of our strategic development.

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During our fiscal year 2010 first quarter ended July 31, 2009, WPCS reported net income of \$435,000 or earnings of \$0.06 per diluted share compared to net income of \$293,000 or \$0.04 per diluted share during the fourth quarter ended April 30<sup>th</sup>, 2009 and compared to net income of \$838,000 or earnings of \$0.12 per diluted share during the same period last year.

Revenue during the first quarter was \$25.3 million compared to \$24.7 million during the fourth quarter ended April 30<sup>th</sup>, 2009 and compared to \$28.3 million during last year's first quarter. For the first quarter, the revenue segmentation during the first quarter was 28% wireless communication, 14% specialty construction and 58% electrical power.

Consolidated gross margin during the first quarter was 28% compared to 29% during the same period last year, however, sequentially, our gross margin improved from 26% to 28%. SG&A expense as a percent of revenue was approximately 23% compared to 21% last year. Actual SG&A expenses are down year over year however the lower first quarter revenue production explains the increase in SG&A as a percentage of revenue.

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In regards to our balance sheet, WPCS continues to maintain a strong position with \$8.6 million in cash, \$21.6 million in working capital and \$5.6 million of credit line borrowings. Our credit line borrowing to working capital ratio remains favorably low at 26%. We continue to view this ratio as an important indicator of our financial strength and ability to finance our growth from our operations.

Accounts receivable collections remain stable with DSOs averaging 69 days which is within our expectations. As of July 31, 2009, WPCS had a backlog of \$32 million and a bid list of \$161 million. Most importantly, WPCS generated \$2.8 million in cash from operations during the first quarter.

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Overall, we are pleased with the first quarter results as we saw a sequential increase in our revenue, gross margins and earnings. WPCS is reaffirming its guidance for fiscal year 2010 of \$112 million in revenue, \$2.2 million to \$2.4 million in net income and \$0.31 to \$0.34 in fully diluted earnings per share. We believe the company is operating efficiently and is poised for earnings growth with anticipated higher revenue in the quarters ahead.

In the public services sector, which remains our largest sector representing 58% of our current backlog, the fiscal stimulus package enacted in February 2009 continues to be slow in developing due to the state government administrative efforts required in identifying projects, applying for funding and allocating proper staff to disburse and monitor funds. It has been estimated that as of August 31, 2009, only 16% of the \$800 billion in fiscal stimulus has been distributed.

This will explain our lower sequential backlog as the conversion of bids to backlog is progressing at a slower pace. Even though there is a protracted disbursement of fiscal stimulus funds, WPCS is still maintaining a healthy financial position. In addition, the bid activity remains very high which indicates to us that an increase in expenditures is forthcoming. Therefore, we believe that we are in a position to accelerate earnings as the fiscal stimulus package increases its disbursements over the next several months.

Looking at the composition of the backlog, approximately 58% is comprised of public services projects, 24% in healthcare projects, 3% in energy projects and 15% in corporate enterprise projects. In regards to bids, 60% are for public services projects, 20% for healthcare projects, 2% for energy projects and 18% for corporate enterprise projects.

We believe the company is recognizing a trough in backlog and we are anticipating an increase of backlog activity in the quarters ahead. In the healthcare, corporate enterprise and international sectors, we are seeing a respectable level of bid activity for communication infrastructure services relative to the economic conditions. The increase in corporate enterprise activity is encouraging and is viewed by our management team as a sign of economic improvement.

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At the moment, due to the uncertainty in healthcare reform legislation, the healthcare infrastructure market is experiencing moderate growth. There is no question that infrastructure is required due to the aging population but many healthcare networks are trying to determine what governmental incentives for infrastructure may exist in the near future. The bid activity in healthcare is respectable but it has the potential to expand rapidly once there is legislative certainty.

The same legislative uncertainty is affecting the energy infrastructure market and it revolves around the proposals regarding cap and trade policy. However, unlike the healthcare infrastructure market where often times there is no choice but to invest in infrastructure due to the demands of the aging population, the energy infrastructure market does not have the pressure to build alternative energy infrastructure because it can revert back to basic energy production provided oil prices remain stable. In addition, the capital expenditures for infrastructure and its return on investment remain protracted due to the moderate price of oil.

This does not change the fact that the need for alternative energy infrastructure in the future is significant and can be triggered in the quarters ahead by inflationary pressure and a weaker dollar leading to a higher price for oil. At the moment, there is a lot of wait and see in the energy infrastructure market but again, it is a market that has tremendous potential.

We believe that WPCS is positioned very well to take advantage of the opportunities that lay ahead in healthcare and energy because these are markets that cannot avoid the future demand for infrastructure. WPCS has a great reputation in these markets which should translate into earnings growth for shareholders.

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In regards to our strategic development, WPCS is focused on organic growth opportunities and market development. We are considering some acquisitions that will enhance our engineering capability, expand our customer base and broaden our geographic coverage. Any current acquisitions would be funded through cash from operations.

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In conclusion, the WPCS management team continues to feel confident that fiscal year 2010 will be a year of opportunity and improved earnings. WPCS is building a foundation of consistent profitability and efficiency as we plan for a higher level of earnings growth while expanding our design-build engineering services for communications infrastructure on a global scale. I would like to now turn the call over to the operator to begin the question and answer session.

**[OPERATOR]**

We will now begin the question and answer session. You can submit your question by pressing \*1 and you can be removed from the queue by pressing the number sign.

If there are no further questions, I would like to thank all the participants on today's WPCS International Incorporated fiscal year 2009 third quarter investor conference call. Please keep in mind that a replay of this investor conference call will be available for a period of five days by dialing 402-220-2946 and using 80444 # as the pass code. This will conclude the call.