



2017

Annual Report and OTC Pink Basic Disclosure

Sample Applications



Mission

To advance the metalworking industry through the use of Bonal's patented Meta-Lax® technology.

Ultimate Benefit

Peace of mind in matching or improving the quality of what was previously used.

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2017

Annual Report

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Bonal International, Inc. and Subsidiary

Bonal International, Inc. (traded under the symbol “**BONL**”), through its wholly-owned subsidiary Bonal Technologies, Inc., is the world’s leading provider of sub-harmonic vibratory metal stress relief technology and the manufacturer of Meta-Lax stress relieving, Black Magic Distortion Control and Pulse Puddle Arc Welding equipment. Headquartered in Royal Oak, Michigan, Bonal also provides a complete variety of consulting, training, program design and metal stress relief services to several industries including: automotive, aerospace, shipbuilding, machine tool, plastic molding and die casting, to mention a few. Bonal’s patented products and services are sold throughout the U.S. and in over 60 foreign countries.

FINANCIAL HIGHLIGHTS

Year Ending March 31	2017	2016	2015
Total Revenues	\$1,610,471	\$2,093,614	\$2,360,696
Net Earnings	54,357	202,651	443,162
Total Assets	1,554,859	1,628,389	1,944,824
Working Capital	1,403,575	1,404,914	1,506,594
Earnings per Share	0.03	0.12	0.25
Stockholders’ Equity	1,454,183	1,469,743	1,529,280
Trading Activity Hi / Low	4.50 / 1.05	2.55 / 1.75	2.18 / 1.31
Dividend Declared per Share	0.04	0.15	0.15
Dividend Paid per Share	0.04	0.15	0.20

Fiscal 2017 Quarters Ended

(unaudited)

	June 30	Sept 30	Dec 31	March 31, 2017
Total Revenues	349,406	448,679	393,298	419,088
Gross Profits	239,164	335,372	299,302	305,958
Net Earnings	(21,332)	16,471	(5,060)	64,278

Fiscal 2016 Quarters Ended

(unaudited)

	June 30	Sept 30	Dec 31	March 31, 2016
Total Revenues	698,379	554,057	532,288	308,890
Gross Profits	550,736	409,834	379,563	204,648
Net Earnings	146,215	62,552	18,482	(24,598)

Sales Breakdown for Fiscal Year 2017

Equipment Sales
\$1,238,370

Rental Income
\$214,400

Contract Services
\$157,701

March 31, 2017

Dear Shareholders,

Bonal International's fiscal year 2017 had many positive outcomes despite the challenges throughout the year. Just as our country went through an interesting 12 to 16 months, Bonal followed suit. The good news is, for the thirteenth consecutive year, Bonal was profitable. This year's net income was \$54,357, or three percent. For the twelfth consecutive fiscal year, Bonal issued dividends. The board of directors issued a \$0.04 per share dividend during the fourth quarter.

Years like this past fiscal year, make me grateful for the incredible Meta-Lax® stress relief technology Bonal developed, the product line we offer, and the dedicated staff we have. The highlight of the year, beyond the consecutive years of making profits and issuing dividends, was that Bonal's current customers accounted for an astounding 55 percent of our sales by volume, up from 42 percent last year. That high level of support helped us weather the unusual economic challenge that we endured throughout the year.

Due to the ongoing depressed Small Business Optimism Index (as recorded from NFIB), and the strength of the US dollar reaching a 14-year high, the metalworking market, both domestic and international, was reluctant to spend money on capital equipment. Yet our loyal Bonal customer base, not only ordered more Meta-Lax® equipment, they also referred and required their suppliers to use our Meta-Lax® technology. Companies that invested in Meta-Lax® equipment this year overwhelmingly selected our top model for its capability to graphically certify stress relief results.

Milestones in FY 2017:

- 13th consecutive profitable year
- 12th consecutive year dividends paid

The year ended with very encouraging economic signs. Since November, the Small Business Optimism Index has rebounded strongly from recessionary levels to near record levels, indicating that growth and expansion are very likely in the near future particularly from the small business sector. Growth and expansion are measured by expectations in increasing capital spending and hiring within six months. Another positive sign is that our latest state-of-the-art computerized model, after a year delay, is expected to be on the market in the second quarter of fiscal year 2018.

Bonal sold equipment into nine foreign countries last year and signed a foreign agent to work in Norway, Sweden, and Denmark. Bonal exhibited at six trade shows throughout the year in the United States and the UK. These trade shows addressed global industrial markets such as machining, welding, die casting, mining, and motorsports. Two notable companies that bought Meta-Lax® equipment last year were TigerCat, a manufacturer of rugged off-road forestry equipment, and Bombardier, an aerospace company. Bonal customers, with the assistance of our patented Meta-Lax® stress relieving process, continued to set new quality standards within the metalworking industry.

The coming year looks to be a growth year for Bonal. The sizable investment we committed to developing the next generation of computerized stress relief equipment should start to pay off with the expected release of our all new computerized system. The US economy shows signs of growth, which should provide the metalworking sector ample business and funds to purchase Meta-Lax® equipment, thereby supporting a significant recovery. I expect that fiscal year 2018 will be a very exciting year for our company.

On behalf of the board of directors, thank you for your continued support.

Sincerely,



Thomas E. Hebel
Chairman

BOARD OF DIRECTORS AND STOCKHOLDERS
BONAL INTERNATIONAL, INC. AND SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated financial statements of Bonal International, Inc. and Subsidiary (the "Company"), which comprise the consolidated balance sheet as of March 31, 2017 and 2016, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Bonal International, Inc. and Subsidiary as of March 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Information

The consolidated financial statements as of March 31, 2015, were audited by Godfrey Hammel Danneels and Company, P.C. who merged with Cohen & Company, Ltd. as of February 1, 2016, and whose report dated July 27, 2015, expressed an unmodified opinion on those statements.

June 27, 2017
Detroit, Michigan

Cohen & Company Ltd.

COHEN & COMPANY, LTD.

800.229.1099 | 866.818.4538 fax | cohencpa.com

Registered with the Public Company Accounting Oversight Board

	Assets	
	March 31,	
	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 830,212	\$ 873,842
Accounts receivable-trade, net	80,464	108,027
Inventories, net	469,900	463,309
Prepaid expenses and other current assets:		
Prepaid expenses	24,670	23,169
Refundable taxes	64,800	59,000
Other current assets	<u>34,195</u>	<u>36,213</u>
Total current assets	1,504,241	1,563,560
Property and Equipment - Net	<u>29,008</u>	<u>48,329</u>
Deferred Tax Asset	<u>21,600</u>	<u>16,500</u>
Total assets	<u><u>\$ 1,554,849</u></u>	<u><u>\$ 1,628,389</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

	March 31,	
	<u>2017</u>	<u>2016</u>
Current Liabilities		
Accounts payable	\$ 28,225	\$ 46,867
Accrued and other current liabilities:		
Accrued compensation	29,655	81,400
Customer deposits and advances	18,800	9,600
Other accrued liabilities	<u>23,986</u>	<u>20,779</u>
Total current liabilities	100,666	158,646
Stockholders' Equity	<u>1,454,183</u>	<u>1,469,743</u>
Total liabilities and stockholders' equity	<u>\$ 1,554,849</u>	<u>\$ 1,628,389</u>

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

	Year End March 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Sales	\$ 1,610,471	\$ 2,093,614	\$ 2,360,696
Cost of Sales	430,675	548,833	554,549
Gross Profit	<u>1,179,796</u>	<u>1,544,781</u>	<u>1,806,147</u>
General and Administrative Expenses	<u>1,140,599</u>	<u>1,280,026</u>	<u>1,338,211</u>
Operating Income	39,197	264,755	467,936
Nonoperating Income			
Gain on assets	-	8,000	-
Interest income	2,580	2,725	1,350
Other income (expense)	<u>(1,333)</u>	<u>141</u>	<u>100,966</u>
Total nonoperating income	1,247	10,866	102,316
Income - Before income taxes	40,444	275,621	570,252
Income Tax Expense (Benefit)	<u>(13,913)</u>	<u>72,970</u>	<u>127,090</u>
Net Income	<u>\$ 54,357</u>	<u>\$ 202,651</u>	<u>\$ 443,162</u>
Per-Share Data - Net Income	\$ 0.03	\$ 0.12	\$ 0.25
Average Number of Shares Used in per Share Computation	1,747,922	1,747,922	1,747,922

The accompanying notes are an integral part of these consolidated financial statements.

Bonal International, Inc. and Subsidiary

Consolidated Statements of Stockholders' Equity

	Class A Common <u>Stock</u>	Class B Common <u>Stock</u>	Additional Paid-in <u>Capital</u>	Retained <u>Earnings</u>	<u>Total</u>
Balance - April 1, 2014	\$ 8,740	\$ -	\$ 688,212	\$ 651,354	\$ 1,348,306
Net Income	-	-	-	443,162	443,162
Dividends (\$0.10 per share)	-	-	-	(262,188)	(262,188)
Balance - March 31, 2015	8,740	-	688,212	832,328	1,529,280
Net Income	-	-	-	202,651	202,651
Dividends (\$0.15 per share)	-	-	-	(262,188)	(262,188)
Balance - March 31, 2016	8,740	\$ -	688,212	772,791	1,469,743
Net Income	-	-	-	54,357	54,357
Dividends (\$0.04 per share)	-	-	-	(69,917)	(69,917)
Balance - March 31, 2017	\$ 8,740	-	\$ 688,212	\$ 757,231	\$ 1,454,183

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	Year End March 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash Flows Provided from Operating Activities			
Net income	\$ 54,357	\$ 202,651	\$ 443,162
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	19,321	21,013	14,119
Change in cash surrender value of life insurance	-	-	24,763
Deferred income taxes	(5,100)	5,700	11,500
Net change in:			
Accounts receivable - Trade, net	27,563	213,723	(230,181)
Inventories, net	(6,591)	(17,352)	(48,279)
Prepaid expenses and other	(5,283)	(37,340)	1,429
Accounts payable	(18,642)	(31,622)	35,163
Accrued liabilities and other	(39,338)	(215,076)	162,066
Deferred Compensation Expense	-	-	(30,531)
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	26,287	141,697	383,211
Cash Flows used in Investing Activity			
Purchase of property and equipment	-	(36,456)	(20,091)
	<hr/>	<hr/>	<hr/>
Cash Flows used in Financing Activity			
Dividends paid	(69,917)	(262,188)	(349,584)
	<hr/>	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(43,630)	(156,947)	13,536
Cash and Cash Equivalents - Beginning of year	873,842	1,030,789	1,017,253
	<hr/>	<hr/>	<hr/>
Cash and Cash Equivalents - End of year	<u>\$830,212</u>	<u>\$873,842</u>	<u>\$1,030,789</u>
Supplemental Cash Flow Information -			
Cash paid for income taxes	<u>\$ 1,493</u>	<u>\$ 207,472</u>	<u>\$ 20,837</u>

Note 1 - Nature of Business and Summary of Significant Financial Accounting Policies

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of Bonal International, Inc. and its wholly owned subsidiary, Bonal Technologies, Inc. (collectively, the “Company”). All material intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

Nature of Business – Bonal Technologies, Inc. performs design, development, manufacturing, and marketing of metal stress-relieving equipment internationally.

Basis of Accounting – The Company maintains its books on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Concentrations of Credit Risk – The Company primarily deposits cash with a national bank and at times throughout the year may maintain balances that exceed federally insured limits of \$250,000, per depositor per insured bank. The total uninsured balance at March 31, 2017, is approximately \$86,000. The Company has not experienced any losses in such accounts, and management believes the Company is not exposed to any unusual credit risk on cash and cash equivalents.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable-Trade, Net – The Company values its accounts receivable at invoice amounts. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management’s best estimate of amounts that will not be collected. Management assesses the collectability of the accounts receivable balance and estimates the portion, if any, of the balance that will not be collected. Uncollectible amounts are written off as a charge against the valuation allowance in the period that such determination is made. The allowance for doubtful accounts as of March 31, 2017 and 2016, was \$112 and \$151, respectively.

Inventories – Inventories consist of raw materials, work in progress and finished goods and are stated at the lower of cost, determined on the first-in, first-out (FIFO) method, or market. A valuation allowance is provided for obsolete and slow moving inventory to write down costs to net realizable value (market). The Company has recorded an obsolescence reserve as of March 31, 2017 and 2016 of \$62,615 and \$65,000, respectively.

Note 1 - Nature of Business and Summary of Significant Financial Accounting Policies - (Continued)

Property and Equipment – Property and equipment are recorded at cost. Depreciation and amortization are computed over the estimated useful lives of the related assets which range from 3-10 years, using accelerated methods for financial statement purposes. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. The cost and related accumulated depreciation and amortization of assets sold or otherwise disposed of during the year are removed from the accounts. Any gain or loss is reflected in the year of the disposal.

Management reviews these assets for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable.

Revenue Recognition – The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable, and collectability of the selling price is reasonably assured.

Income Taxes – Deferred tax assets and liabilities are recognized for the future tax benefits and consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Effective April 1, 2016, the Company has elected to early adopt the provisions in FASB Accounting Standards Update 2015-17, Balance Sheet Classification of Deferred Taxes, which requires the Company to classify deferred tax liabilities and assets as noncurrent in a classified balance sheet. The Company has elected to adopt the provisions retrospectively. The retrospective application resulted in a current deferred tax asset of \$32,000 and a noncurrent deferred tax liability of \$15,500 on the previously reported balance sheet as of March 31, 2017, being presented as a noncurrent deferred tax asset of \$16,500 in the accompanying consolidated balance sheet.

The Company recognizes and discloses uncertain tax positions in accordance with GAAP. As of March 31, 2017 and 2016 and for the years then ended, the Company did not have a liability for unrecognized tax benefits.

Earnings per Common Share – Earnings per common share are based on the number of common shares outstanding at the end of the year.

Reclassification – Certain items in the prior years' consolidated financial statements have been reclassified to conform to the presentation in the current year consolidated financial statements.

Note 2 - Inventories

Major classes of inventories are as follows:

	<u>2017</u>	<u>2016</u>
Raw materials	\$ 229,120	\$ 231,125
Work in progress	188,170	181,097
Finished goods	<u>115,225</u>	<u>116,087</u>
Total	532,515	528,309
Reserve for obsolescence	<u>(62,615)</u>	<u>(65,000)</u>
Total Inventories, Net	<u>\$ 469,900</u>	<u>\$ 463,309</u>

Note 3 - Property and Equipment

Major classes of property and equipment are as follows:

	<u>2017</u>	<u>2016</u>
Machinery and equipment	\$ 51,719	\$ 55,007
Displays	28,272	28,272
Transportation equipment	46,448	46,448
Office furniture and equipment	252,057	252,057
Leasehold improvements	<u>5,367</u>	<u>5,367</u>
Total cost	383,863	387,151
Accumulated depreciation and amortization	<u>(354,855)</u>	<u>(338,822)</u>
Net Property and equipment	<u>\$ 29,008</u>	<u>\$ 48,329</u>

Depreciation and amortization expense was \$19,321, \$21,013, and \$14,119 for the years ended March 31, 2017, 2016, and 2015, respectively.

Note 4 - Income Taxes

The provision for income taxes consists of the following:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Current expense (benefit)	\$ (8,813)	\$ 67,270	115,590
Deferred expense (benefit)	<u>(5,100)</u>	<u>5,700</u>	<u>11,500</u>
Net income tax expense (benefit)	<u>\$ (13,913)</u>	<u>\$ 72,970</u>	<u>\$ 127,090</u>

Note 4 - Income Taxes - (Continued)

A reconciliation of the provision for income taxes to income taxes computed by applying the statutory United States federal tax rate to income before taxes is as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Income tax expense - Computed at 15% 34% and 34% of pretax income respectively	\$ 6,067	\$ 93,710	\$ 193,900
State income taxes (benefit)	(307)	(2,000)	3,630
Effect of nondeductible expense	541	1,160	1,700
Effect of nontaxable income	-	-	(34,000)
Effect of tax credits and special deductions	(9,947)	(13,670)	(38,000)
Effect of adjustment of prior year estimates and other	<u>(10,267)</u>	<u>(6,230)</u>	<u>(140)</u>
Net income tax expense (benefit)	<u>\$ (13,913)</u>	<u>\$ 72,970</u>	<u>\$ 127,090</u>

Deferred tax assets result primarily from differences in the year of deductibility of certain expenses. Deferred tax liabilities result from different methods used for depreciation for financial reporting and income tax purposes. The net deferred tax asset totaled \$21,600 and \$16,500 as of March 31, 2017 and 2016, respectively. The Company had no valuation allowance on its deferred tax asset in either year.

Note 5 - Lease Commitments

The Company leases office and manufacturing space on a month to month basis at the rate of \$5,623 per month. In addition the Company is responsible for certain occupancy expenses including utilities and insurance. Rent expense for all leased property totaled \$67,476, for each of the three years ended March 31, 2017, 2016, and 2015.

Note 6 - Stockholders' Equity

The Company's stock at March 31, 2017 and 2016 consists of the following:

- Class A common, voting stock, 5,000,000 authorized shares, with \$.005 par value. A total of 1,747,922 shares were issued and outstanding at March 31, 2017 and 2016.
- Class B common, nonvoting stock, 5,000,000 authorized shares, with \$.01 par value. There were no shares issued or outstanding at March 31, 2017 and 2016.
- Preferred stock, 200,000 authorized shares, with \$.01 par value. There were no shares issued or outstanding at March 31, 2017 and 2016.

Note 7 - Employee Benefit Plan

The Company sponsors a 401(k) plan that provides retirement benefits for its employees according to the provisions of the plan document. The Company contributed \$13,323 to the plan for the year ended March 31, 2015. There were no contributions made by the Company during fiscal years 2017 and 2016.

Note 8 - Insurance Proceeds

During the year ended March 31, 2015, the Company received proceeds from a key-man life insurance policy it held on its former president and chairman, A. George Hebel, III. The amount received, \$100,237, was recorded as other income. This was non-taxable income.

Note 9 – Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to March 31, 2017, the most recent Consolidated Balance Sheet presented herein, through June 27, 2017, the date the consolidated financial statements were available to be issued. No such significant events or transactions have been identified.

Trading Symbol: BONL
CUSIP Number: 097-770-200

Directors and Officers

① ④ **Thomas E. Hebel**
Chairman, President and CEO

④ **John A. Hebel**
Director and Secretary

① ④ **Paul Y. Hebel**
Director and Vice Chairman

① ② **George W. Harrison**
③ ④ Director

② ③ **Harold Y. Hebel, C.P.A.**
④ Director and Treasurer

④ **Betty Jean Hebel, Ph.D.**
Director

① Executive Committee
② Audit Committee

③ Compensation Committee
④ Nominating Committee

Corporate Headquarters

Bonal International, Inc.
1300 North Campbell Road
Royal Oak, Michigan 48067 USA

Phone: 248 582.0900
Toll Free: 800 METAL-29
Fax: 248 582.0901
E-mail: info@bonal.com
Web: www.bonal.com
www.meta-lax.com
www.pulsepuddle.com
www.distortioncontrol.com

Auditors

Cohen & Company, Ltd.
719 Griswold Street, Suite 920
Detroit, MI 48226

Transfer Agent

Pacific Stock Transfer Company
6725 Via Austi Parkway, Suite 300
Las Vegas, NV 89119

The Letter from the Chairman within this report contains "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "goal," "believe," "focus" and "will" and similar references to future periods. Forward-looking statements are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include economic and industry conditions, actions of competitors, commodity and labor costs, and other factors. Any forward-looking statement made by us in said letter is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any such statements, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

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OTC Pink Basic Disclosure
and
Annual Financial Statement FY 2017
(ended March 31)

For

BONAL INTERNATIONAL, INC.

A DELAWARE CORPORATION

Dated

June 30, 2017

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Exhibit A – Meta-Lax[®] Equipment Selection Guide

Exhibit B – Pulse Puddle Arc Welding Equipment Selection Guide

Exhibit C – Black Magic[®] Equipment Selection Guide

1. Name of Issuer and Its Predecessor

The name of the issuer is Bonal International, Inc. (“Bonal *International*” or the “Company”). Bonal *International* is a successor to Sport Connection, Inc., a Utah corporation (“SCI”) as of August 17, 1990. Bonal *International* is the holding company of Bonal Technologies, Inc., (“Bonal *Technologies*”) its wholly owned subsidiary and operations arm of the Company. Bonal *Technologies*, Inc. is incorporated in the State of Michigan.

2. Address of Company’s Principal Executive Offices

1300 North Campbell Road
Royal Oak, MI 48067
Telephone: (248) 582-0900
Email: Investor@Bonal.com

www.Bonal.com
www.Meta-Lax.com
www.PulsePuddle.com
www.DistortionControl.com

3. Securities Information

Trading Symbol: BONL
CUSIP Number: 097-770-200
Title of Stock: Class A Common
Total Shares Authorized: 5,000,000
Total Shares Outstanding: 1,747,922
Par Value: \$0.005 per share
Shareholders of Record on March 31, 2017 209
Shareholders of Record on March 31, 2016 223

Transfer Agent

Pacific Stock Transfer Company(registered under Exchange Act)
6725 Via Austi Parkway
Suite 300
Las Vegas, NV 89119
Telephone: (702) 361-3033

Dividend History over the past Eight Quarters

Fiscal Year	Payable Date	Dividend Amount / Share	Total Amount of Dividend
FY 2017	03-28-2017	\$0.04	\$ 69,917
FY 2016	12-11-2015	\$0.05	\$87,396
FY 2016	08-05-2015	\$0.10	\$174,792

4. Issuance History for Past Two Years

There have been no new offerings of stock for the Company in that last two fiscal years.

5. Financial Statements for Past Eight Quarters

- A. Annual Report for FY 2017 – previously presented in this report
- B. References to Past Financial Reports that have been previously posted via OTCIQ.com
 - 3rd Quarter Financial Report for FY 2017, ended December 31
 - 2nd Quarter Financial Report for FY 2017, ended September 30
 - 1st Quarter Financial Report for FY 2017, ended June 30
 - Annual Report for FY 2016, ended March 31
 - 3rd Quarter Financial Report for FY 2016, ended December 31
 - 2nd Quarter Financial Report for FY 2016, ended September 30
 - 1st Quarter Financial Report for FY 2016, ended June 30

6. Description of Business, Products, and Services

A. **Business Operations.**

The business conducted by Bonal *International* is the business that is conducted by Bonal *Technologies*, the Company's wholly owned subsidiary. Bonal *Technologies* is the pioneer, patent holder and world's leading provider of sub-harmonic vibrational stress relief and weld conditioning equipment for metal. Bonal *Technologies* offers electronically controlled vibrational Meta-Lax[®] stress relieving equipment to treat work pieces ranging in weight from ounces to several million pounds. Besides manufacturing Meta-Lax stress relief and weld conditioning systems, Bonal *Technologies* also provides stress relief service to customers in the automotive, aerospace, shipbuilding, machine tool, mold making and die casting industries.

B. **Date and Domicile**

Bonal *International* is a corporation, duly organized and existing under the laws of the State of Delaware as of August 17, 1990. The Company's wholly owned subsidiary and operations arm, Bonal *Technologies, Inc.*, is incorporated in the State of Michigan.

C. **Primary and Secondary SIC Codes**

Bonal *International* has no operations. As such it has no SIC code. However, its subsidiary, Bonal *Technologies*, is the operations arm of the Company and has SIC codes. The primary and secondary SIC codes for the products of Bonal *Technologies* are 3549 and 3829, respectively.

D. **Fiscal Year End Date**

March 31 is the fiscal year end date of the Bonal *International* and Bonal *Technologies*.

E. **Description of Technology – Meta-Lax[®]**

Introduction / Opportunity. When metal is manufactured into parts or used in service, it is often subjected to a sharp temperature drop. That temperature drop causes thermal residual stress which potentially can lead to distortion or premature fatigue. Stress relieving helps prevent these problems. The traditional method of stress relieving has been to heat metal work pieces to a high temperature, then slow cool. Heat treat stress relief, although effective, is expensive, takes a lot of time, consumes a large amount of energy, and is plagued with numerous negative side effects including treatment distortion, changing of mechanical properties, and size and weight limitations. This list of problems presents an opportunity for a high-tech alternative stress relief process.

Bonal Alternative. Bonal *Technologies* developed and patented a high-tech sub-harmonic vibrational stress relieving process for metal parts called “Meta-Lax[®].” Stress relief, using Meta-Lax, is accomplished by using a precise, non-destructive, low frequency (sub-harmonic) vibration energy applied to the work piece. The equipment has the ability to provide verification and certification that stress removal has occurred, a feature not provided by any other known method of stress relief in use today. In comparison to heat treat stress relief, Meta-Lax is as effective and consistent, yet can be applied at a fraction of the time, energy and monetary cost, and does not generate any of the negative side effects.

Description of Products

Bonal *Technologies* has three products lines utilizing Meta-Lax technology – Meta-Lax, Pulse Puddle Arc Welding, and Black Magic[®]. Each system consists of an electric motor driven force inducer, a transducer, and an electronic control console.

Meta-Lax[®] Equipment (Exhibit A). Meta-Lax equipment is Bonal *Technologies*’ main product line. The Meta-Lax equipment can be used to stress relieve metal work pieces in place of heat treat stress relief and/or can be used during welding to gain many desirable benefits.

Series 2000. The Series 2000 is a portable Meta-Lax system designed for basic stress relief and weld conditioning applications. Series 2000 features a front flat-panel touch-screen display for ease of operation. Manual stress relief certification can be produced with this system. The Series 2000 is ideal for the small machine and fab shops.

Series 2400. The Series 2400 is an upgrade to the Series 2000 and features capacity to save data from up to 100,000 treated work pieces onto a flash drive for later retrieval and printout of graphic stress relief certification. The Series 2400 system is ideal for machine and fab shops where stress relief or weld conditioning is specified by another organization, or for companies that are ISO 9000 compliant.

Pulse Puddle Arc Welding (PPAW[®]) Equipment (Exhibit B). Pulse Puddle Arc Welding utilizes the same patented Meta-Lax process yet applies that process exclusively during welding. PPAW will relieve the thermal stress as thermal stress is being induced during weld solidification. This procedure produces several desirable benefits for the weld metal and heat affected zone, with the two most sought after benefits being preventing weld distortion and preventing weld cracking.

Series 5500. Pulse Puddle Arc Welding (PPAW) equipment is designed to be permanently mounted onto a weld table or can be transported to field locations. Series 5500 is ideal wherever welding (metal-added welding processes) is being performed.

Black Magic[®] Equipment (Exhibit C). The Black Magic equipment utilizes the same successful Meta-Lax stress relief technology. The unit features simple, but effective stress relief for smaller work pieces. The system is packaged in a compact self-contained vibrating platform which can be placed on a bench or cart. Each Black Magic system is pre-calibrated to treat five weight ranges and requires no operator training.

Series 7000. There are three sizes of Black Magic systems; 50-lbs., 150-lbs., and 300-lbs. maximums. Black Magic equipment is ideal for machine shops, die casters, and engine builders that work on metal parts weighing 300 pounds or less.

7. Description of Facilities

A. **Building.**

Bonal *Technologies* currently leases approximately 12,268 square feet of office and light industrial space in Royal Oak, Michigan on a month to month basis. The Company also uses the facility for office space.

B. **Machinery**

Bonal *Technologies* maintains assets for assembly of their products, including electronic workstations, soldering equipment and hand tools. They also have shelving and pallet racks for inventory organization, some small machinery (lathe, mill and drill press) for modification and prototyping, testing and calibration equipment, and a commercial delivery van and a fork truck. A cube style partition system and other office furniture, file cabinets and supporting equipment for the sales and administrative areas, along with an intranet server with desktop workstations for all sales, marketing, customer service and administration departments. All assets are maintained in good condition and Bonal *Technologies* currently owns all of its assets.

8. Officers, Directors, and Control Persons

A. **Officers and Directors**

<u>Name</u>	<u>Position</u>
Thomas E. Hebel	Chairman, President, CEO
Paul Y. Hebel	Director, Vice President
Harold Y. Hebel	Director, Treasurer, CFO
John A. Hebel	Director, Secretary
George W. Harrison	Director
Betty Jean Hebel	Director

B. **Legal/Disciplinary History**

In the last 5 years, none of the officers or directors of the Company have been the subject of: (i) a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding; (ii) the entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities or banking activities; (iii) a finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or (iv) the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Beneficial Owners

Below is listed all known control/beneficial shareholders owning or controlling more than 5% of the Company's securities.

Name	Number of Shares Owned	Percentage
Marilyn S. Hebel via Marilyn S. Hebel Trust & A. George Hebel, III Trust c/o Bonal International, Inc. 1300 N. Campbell Rd. Royal Oak, MI 48067	332,644	19.0
Thomas E. Hebel c/o Bonal International, Inc. 1300 N. Campbell Rd. Royal Oak, MI 48067	226,356	13.0
Paul Y. Hebel c/o Bonal International, Inc. 1300 N. Campbell Rd. Royal Oak, MI 48067	226,356	13.0
Betty Jean Hebel c/o Bonal International, Inc. 1300 N. Campbell Rd. Royal Oak, MI 48067	125,620	7.2

Above listed contacts are accessible through the office of the secretary of Bonal International, Inc.

D. Disclosure of Certain Relationships.

Various members of the board of directors are related. Thomas, Paul, and Betty Jean Hebel are siblings. Harold Hebel is Paul's son and nephew of Thomas and Betty Jean. John Hebel is the nephew of Thomas, Paul, and Betty Jean. There were no arrangements or understandings pursuant to which any of them were elected as officers or directors.

9. Third Party Professional Providers

Legal Counsel – Securities Matters:

Butzel Long Attorneys
150 W. Jefferson Ave., Suite 100
Detroit, MI 48226
Attn: Justin G. Klimko, Esq.
Telephone: (313) 225-7000
E-mail: KlimkoJG@Butzel.com

Legal Counsel – General Matters:

Valentine Lawyers, P.C.
5767 W. Maple Road, Suite 400
West Bloomfield, MI 48322
Attn: Stephen K. Valentine Jr. Esq.
Telephone: (248) 851-3010
E-mail: SKV@Valetine-Lawyers.com

Legal Counsel – Intellectual Property Matters
Reising, Ethington, Barnes, Kisselle, P.C.
P.O. Box 4390
Troy, Michigan 48099-4390
Attn: Steven B. Walmsely, Esq.
Telephone: (248) 689-3500
Email: Walmsely@Reising.com

Auditor. The Company contracts with Cohen and Company (formerly Godrey, Hammel, Danneels & Company P.C.) accounting firm to perform an annual audit of the Company's financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP). Cohen and Company is licensed in the State of Michigan and registered with the PCAOB.

Cohen & Company
719 Griswold Street, Suite 920
Detroit, MI 48226
Attn: Clifford Holmyard, CPA, Partner
Telephone: (586) 772-8100
E-mail: CHolmyard@CohenCPA.com

Public Relations:
Angelfoot Enterprises, LLC
c/o 1300 N. Campbell Rd. Suite A
Royal Oak, MI 48067
Attn: Daniel Hebel
Telephone: (248) 677-1326
E-mail: Dan@AngelfootEnterprises.com

The Company does not maintain an active, ongoing relationship with any investor relations consultant.

10. Company's Certifications

I, Thomas E. Hebel, certify that:

1. I have reviewed this disclosure statement of Bonal International, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statement, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/, Thomas E. Hebel
Thomas E. Hebel, CEO

June 30, 2017
Date

I, Harold Y. Hebel, certify that:

1. I have reviewed this disclosure statement of Bonal International, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statement, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

/s/, Harold Y. Hebel
Harold Y. Hebel, CFO

June 30, 2017
Date

Console Selection Guide

Stress Relief and Weld Conditioning Systems



2400 Series

- **Graphic Certification with Touch Screen Controls**
- Semi-Auto Stress Relief and Weld Conditioning
- 7" High definition color touch screen control panel
- Saves data on a flash drive for graphic printout
- Three languages; English, French, and Spanish
- Model: 2401 for 110 volt - (black cover)
- Model: 2420 for 220 volt - (maroon cover)

2000 Series

- **Manual Certification System:**
- Lowest Cost Meta-Lax System
- Manual Stress Relief & Weld Conditioning
- 5" color touch screen control panel
- Three languages; English, French, and Spanish
- Model: 2001 for 110 volt - (black cover)
- Model: 2020 for 220 volt - (maroon cover)



Meta-Lax Stress Relief Equipment

Force Inducer Selection Guide



1F Force Inducer

Weight Range: 60 - 500 lbs. (27 - 225)
Energy Level: 190 lbs. (86) @ 100 Hz
Adjustment Time: N/A
Size: H: 5" x W: 9" D: 8" (13 x 23 x 20)
Weight: 24 lbs. (11)
Motor: 1/2HP



1FD Force Inducer

Weight Range: **Setting #1 120 - 3,000 lbs. (54 - 1,350)**
Setting #2 500 - 6,000 lbs. (225 - 2,700)
Setting #3 1,000 - 10,000 lbs. (450 - 4,500)
Energy Level: 400 lbs. (180) @ 100 Hz
Adjustment Time: 12 minutes
Size: H: 7" x W: 10" D: 10 1/2" (18 x 25 x 27)
Weight: 41 lbs. (19)
Motor: 1/2HP



V8(i) Force Inducer

Weight Range: 100 - 20,000 lbs. (45 - 9,000)
Energy Level: 650 lbs. (295) @ 100 Hz
Adjustment Time: 15 seconds
Size: H: 7 1/2" x W: 10" D: 11" (19 x 25 x 28)
Weight: 36 lbs. (16)
Motor: 5/8HP



2A(i) Force Inducer

Weight Range: 150 - 40,000 lbs. (70 - 18,000)
Energy Level: 770 lbs. (350) @ 100 Hz
Adjustment Time: 15 seconds
Size: H: 7" x W: 10" D: 12" (18 x 25 x 31)
Weight: 47 lbs. (21)
Motor: 1HP



3A(i) Force Inducer

Weight Range: 5,000 - over lbs. (2,250 - over)
Energy Level: 1,465 lbs. (655) @ 100 Hz
Adjustment Time: 15 seconds
Size: H: 8" x W: 11" D: 13" (20 x 28 x 33)
Weight: 63 lbs. (29)
Motor: 1HP

Models V8i, 2Ai & 3Ai, for 110 volt systems.

() = cm/kg



Pulse Puddle Arc Welding (PPAW)[®]

the equipment

Welders Do It Better With Pulse Puddle Arc Welding



the box 5000/5020

All front panel controls, connectors, and breakers for ease of use and accessibility. Top mount handle for easy transportation around the weld shop or can be used with a wall mounting bracket.

The box with its lighted power switch and quick connect input and output sockets is very user friendly to operate. The wand can be mounted on the box or set next to the welder on the table.

the box 5000-00 includes:

the box and the AC power cord 6'
the wand and the wand cable 10'
the sensor and the sensor cable 10'
the book of instructions

the box kit 5020-00 includes:

same as the 5000-00 except is 220 volt

Power: 110 or 220 volts; 50/60 Hz; 1.1 KVA

Size: 11" x 11" x 8 1/2" (28 x 28 x 22) **Weight:** 26 lbs. (12)



the wand

The unique wand contains the pulsator's all in one "speed and level" meter, along with the pulsator speed adjustment and the sensors level adjustment controls.

Size: 9" x 5 1/4" x 1 1/2"
(23 x 13 x 4)

Weight: 1 lb. (.45)



the sensor

The patented sensor is mounted to the workpiece and picks up the pulse strength from the part and sends it back to the box and the wand enabling the operator to zero in on the proper pulse rate for welding.

Size: 1 1/2" hex x 4 1/2" (4 x 11.5)

Weight: 1 lb. (.45)



(cm, kg)



Pulse Puddle Arc Welding (PPAW)

the pulsators

Welders Do It Better With Pulse Puddle Arc Welding



the P1 pulsator

The P1 is designed for the light work piece weight range. It has one fixed energy level.

Working Capacity: 60-500 lbs. (27 - 225)

Size: 4" x 5" x 8" (10 x 13 x 20)

Weight: 13 lbs (6) Motor: 1/2 HP



the P2 pulsator

The P2 design is perfect for the many weld tables within the fab shop. Great for permanent mounting under the weld table.

Working Capacity:

Setting #1 120 - 3,000 lbs. (54 - 1,350)

Setting #2 500 - 6,000 lbs. (225 - 2,700)

Setting #3 1,000 - 10,000 lbs. (450 - 4,500)

Size: 6" x 5 1/2" x 10 1/2" (15 x 14 x 27)

Weight: 25 lbs (11) Motor: 1/2 HP



the P3 pulsator

The P3 design is the same as the P2 except for a heavier workload. Works well attached directly to large and rigid work pieces.

Working Capacity:

Setting #1 2,000 - 10,000 lbs. (900 - 4,500)

Setting #2 3,000 - 20,000 lbs. (1,350 - 9,000)

Setting #3 5,000 - 40,000 lbs. (2,250 - 18,000)

Size: 6 1/2" x 5 1/2" x 11" (16.5 x 14 x 28)

Weight: 29 lbs (13) Motor: 1/2 HP



the P4 & P5 pulsator (P5 not shown)

The P4 & P5 offers the ultimate in flexible adjustment for the work piece ranges. They both offer a quick change adjustment of their energy levels. The mounting plate is standard.

P4 Working Capacity: 100- 20,000 lbs. (45 - 9,000)

Size: 7 1/2" x 10" x 11" (19 x 25 x 28)

Weight: 36 lbs. (16) Motor: 5/8 HP

P5 Working Capacity: 150 - 40,000 lbs (70 - 18,000)

Size: 7" x 10" x 12" (18 x 25 x 31)

Weight: 47 lbs (21) Motor: 1 HP

(cm, kg)

The Ultimate Distortion Controller



For Small Metal Parts

Black Magic Facts:

- Reduce distortion up to 85%
- Reduce grind time up to 75%
- Reduce machine time up to 50%
- Reduce scrap up to 100%
- Scientifically proven & Field verified
- **IMPROVE PROFITS**

When to Use:

Black Magic - The Ultimate Distortion Controller should be used immediately before every manufacturing step where distortion is anticipated. These manufacturing steps include machining, grinding, EDM, hardening, heat treating, sawing, etc.

It also can be used on finished parts to reduce delayed distortion and distortion in service.

How it Works:

Black Magic - The Ultimate Distortion Controller induces a mild energy for the load weight of the parts being treated. This energy level is maintained for 25 to 65 minutes based on the metal's strength. The result is less distortion in subsequent processing. Which means less machining time, which means more throughput, which means more productivity, which means more profit.

Black Magic - The Ultimate Distortion Controller uses Bonal's patented process. This technology has been used since 1970 on high quality components such as deep space probes, medical implants, engine parts, and rifle barrels, to name a few.

Now you too can benefit from Black Magic - CALL TODAY



BONAL TECHNOLOGIES C
SUBSIDIARY OF BONAL INTERNATIONAL, INC.

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248.582.0900 • 800.Metal-29 • Fax: 248.582.0901
info@bonal.com • www.bonal.com

Black Magic - The Ultimate Distortion Controller

Selection Guide



Model 7123-00

Selecting the proper **Black Magic** system for you is easy. Select from the following choices according to your needs.

- Size/Weight capacity
- 110 or 220 volt power
- SAE or Metric mounting holes

12" x 18" Platform **50 lbs. Capacity** **Common Specs**

Load Capacity: 1 - 50 lbs (1-23)
Size: 7.5" (19) x 12" (31) x 18" (46)
Mounting surface: 12" (31) x 18" (46)
Mounting holes: 24
Shipping weight: 60 lbs (28)
Price: \$5,550

Model 7123-00

Hole size: SAE 1/2-13
Voltage: 115

Model 7223-00

Hole size: SAE 1/2-13
Voltage: 220

Model 7123-01

Hole size: Metric 12-1.75
Voltage: 115

Model 7223-01

Hole size: Metric 12-1.75
Voltage: 220

15" x 30" Platform **150 lbs. Capacity** **Common Specs**

Load Capacity: 30 - 150 lbs (14-68)
Size: 7.5" (19) x 15" (38) x 30" (76)
Mounting surface: 15" (38) x 30" (76)
Mounting holes: 50
Shipping weight: 150 lbs (39)
Price: \$6,700

Model 7125-00

Hole size: SAE 1/2-13
Voltage: 115

Model 7225-00

Hole size: SAE 1/2-13
Voltage: 220

Model 7125-01

Hole size: Metric 12-1.75
Voltage: 115

Model 7225-01

Hole size: Metric 12-1.75
Voltage: 220

18" x 36" Platform **300 lbs. Capacity** **Common Specs**

Load Capacity: 60 - 300 lbs (28-136)
Size: 7.5" (19) x 18" (46) x 36" (92)
Mounting surface: 18" (46) x 36" (92)
Mounting holes: 72
Shipping weight: 185 lbs (60)
Price: \$7,850

Model 7136-00

Hole size: SAE 1/2-13
Voltage: 115

Model 7236-00

Hole size: SAE 1/2-13
Voltage: 220

Model 7136-01

Hole size: Metric 12-1.75
Voltage: 115

Model 7236-01

Hole size: Metric 12-1.75
Voltage: 220

() = cm/kg



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www.distortioncontrol.com

