

# BEYONICS TECHNOLOGY LIMITED

## Second Quarter Financial Statements for the Period Ended 31/01/2007

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

#### 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group 3 Months Ended 31/01/2007 S\$'000	Group 3 Months Ended 31/01/2006 S\$'000	Change %	Group 6 Months Ended 31/01/2007 S\$'000	Group 6 Months Ended 31/01/2006 S\$'000	Change %
<b>Revenue</b>	<b>200,318</b>	<b>226,899</b>	<b>(11.7)</b>	<b>445,875</b>	<b>542,462</b>	<b>(17.8)</b>
Cost of sales	(186,676)	(214,093)	(12.8)	(417,795)	(513,441)	(18.6)
<b>Gross profit</b>	<b>13,642</b>	<b>12,806</b>	<b>6.5</b>	<b>28,080</b>	<b>29,021</b>	<b>(3.2)</b>
Other Income	544	278	95.7	860	506	70.0
	<b>14,186</b>	<b>13,084</b>	<b>8.4</b>	<b>28,940</b>	<b>29,527</b>	<b>(2.0)</b>
General and administrative costs	(7,748)	(6,650)	16.5	(14,159)	(13,817)	2.5
Selling and marketing expenses	(324)	(409)	(20.8)	(585)	(767)	(23.7)
<b>Profit from operating activities</b>	<b>6,114</b>	<b>6,025</b>	<b>1.5</b>	<b>14,196</b>	<b>14,943</b>	<b>(5.0)</b>
Finance costs	(731)	(262)	179.0	(1,344)	(549)	144.8
<b>Profit before taxation and minority interests</b>	<b>5,383</b>	<b>5,763</b>	<b>(6.6)</b>	<b>12,852</b>	<b>14,394</b>	<b>(10.7)</b>
Taxation	(295)	(477)	(38.2)	(730)	(1,154)	(36.7)
<b>Profit after taxation</b>	<b>5,088</b>	<b>5,286</b>	<b>(3.7)</b>	<b>12,122</b>	<b>13,240</b>	<b>(8.4)</b>
<b>Profit attributable to:</b>						
Equity holders of the Company	<b>5,066</b>	<b>5,368</b>	<b>(5.6)</b>	<b>12,066</b>	<b>13,268</b>	<b>(9.1)</b>
Minority interests	22	(82)	(126.8)	56	(28)	(300.0)
	<b>5,088</b>	<b>5,286</b>	<b>(3.7)</b>	<b>12,122</b>	<b>13,240</b>	<b>(8.4)</b>

#### Additional information for the income statement

	3 Months Ended 31/01/2007 S\$'000	3 Months Ended 31/01/2006 S\$'000	6 Months Ended 31/01/2007 S\$'000	6 Months Ended 31/01/2006 S\$'000
Depreciation	(6,784)	(5,412)	(13,292)	(10,941)
Interest on borrowings	(731)	(262)	(1,344)	(549)
Foreign exchange loss	(1,419)	(1,307)	(1,672)	(1,157)
Gain from disposal of fixed assets	141	396	163	647
Cost of share-based payment	(142)	(252)	(283)	(573)
Interest income	198	159	407	292
Write back of provision for doubtful debts	92	-	317	-
Provision for stock obsolescence	(128)	(184)	(272)	(184)

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	<b>Group 31/01/2007 S\$'000</b>	<b>Group 31/07/2006 S\$'000</b>	<b>Company 31/01/2007 S\$'000</b>	<b>Company 31/07/2006 S\$'000</b>
<b>Non-Current Assets</b>				
Fixed Assets	234,881	215,177	-	-
Subsidiary companies	-	-	255,832	255,832
Investment securities	672	826	350	233
Investment properties	4,020	4,290	-	-
Intangible assets	19,217	19,217	-	-
	<b>258,790</b>	<b>239,510</b>	<b>256,182</b>	<b>256,065</b>
<b>Current Assets</b>				
Asset held for sale	2,244	2,244	-	-
Stocks	69,377	67,557	-	-
Trade debtors	107,534	109,036	-	-
Other debtors	14,333	19,894	276	107
Amount due from subsidiary companies	-	-	23,483	11,448
Investment securities	-	284	-	284
Fixed deposits	796	437	36	37
Cash and bank balances	50,456	52,800	1,849	623
	<b>244,740</b>	<b>252,252</b>	<b>25,644</b>	<b>12,499</b>
<b>Current Liabilities</b>				
Trade creditors	96,211	115,910	-	-
Other creditors and accruals	33,872	33,018	908	994
Finance lease creditors	29	27	-	-
Provision for taxation	1,581	1,402	144	144
Bank borrowings	91,377	56,395	33,200	8,200
	<b>223,070</b>	<b>206,752</b>	<b>34,252</b>	<b>9,338</b>
<b>Net Current Assets</b>	<b>21,670</b>	<b>45,500</b>	<b>(8,608)</b>	<b>3,161</b>
<b>Non-Current Liabilities</b>				
Finance lease creditors	152	164	-	-
Deferred taxation	2,866	2,863	-	-
	<b>3,018</b>	<b>3,027</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>277,442</b>	<b>281,983</b>	<b>247,574</b>	<b>259,226</b>
<b>Equity Attributable to Equity Holders of the Company</b>				
Share capital	250,883	250,883	250,883	250,883
Reserves	21,260	25,858	(3,309)	8,343
	<b>272,143</b>	<b>276,741</b>	<b>247,574</b>	<b>259,226</b>
Minority interests	5,299	5,242	-	-
<b>Total Equity</b>	<b>277,442</b>	<b>281,983</b>	<b>247,574</b>	<b>259,226</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable in one year or less, or on demand**

As at 31/01/2007		As at 31/07/2006	
Secured	Unsecured	Secured	Unsecured
S\$'000 29	S\$'000 91,377	S\$'000 27	S\$'000 56,395

**Amount repayable after one year**

As at 31/01/2007		As at 31/07/2006	
Secured	Unsecured	Secured	Unsecured
S\$'000 152	S\$'000 -	S\$'000 164	S\$'000 -

**Details of any collateral**

As at 31 January 2007, the Group secured borrowings comprised outstanding finance lease balances.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group 3 Months Ended 31/01/2007 S\$'000	Group 3 Months Ended 31/01/2006 S\$'000
<b>Cash flow from operating activities:-</b>		
Profit before taxation and minority interests	5,383	5,763
Adjustments for:		
Depreciation of fixed assets	6,784	5,412
Impairment loss/(write back of provision for impairment) in investment securities	254	(51)
Gain from disposal of investment securities	(113)	-
Gain on disposal of fixed assets	(141)	(396)
Cost of share-based payment	142	252
Interest expense	731	262
Interest income	(198)	(159)
Currency re-alignment	(836)	(1,492)
<b>Operating profit before working capital changes</b>	<b>12,006</b>	<b>9,591</b>
(Increase)/decrease in stocks	(3,981)	3,149
Decrease in trade debtors	5,851	12,129
Decrease/(increase) in other debtors	3,563	(1,779)
Decrease in trade creditors	(28,748)	(11,082)
Increase/(decrease) in other creditors and accruals	6,385	(2,845)
<b>Cash (used in)/generated from operations</b>	<b>(4,924)</b>	<b>9,163</b>
Interest paid	(731)	(262)
Interest income	198	159
Taxation paid	(334)	(531)
<b>Net cash (used in)/ provided from operating activities</b>	<b>(5,791)</b>	<b>8,529</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(20,480)	(24,326)
Proceeds from disposal of fixed assets	251	1,598
Proceeds from disposal of investment securities	378	-
<b>Net cash used in investing activities</b>	<b>(19,851)</b>	<b>(22,728)</b>
<b>Cash flows from financing activities:-</b>		
Payment of finance lease obligations	(6)	(173)
Repayment of bank borrowings	-	(132)
Increase in bank borrowings	31,542	-
Payment of dividend	(13,199)	(10,559)
<b>Net cash generated from/(used in) financing activities</b>	<b>18,337</b>	<b>(10,864)</b>
Net decrease in cash and cash equivalents	(7,305)	(25,063)
Cash and cash equivalents at beginning of period	58,557	78,272
<b>Cash and cash equivalents at end of the period</b>	<b>51,252</b>	<b>53,209</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	796	368
Cash and bank balances	50,456	52,841
	<b>51,252</b>	<b>53,209</b>

**1(d(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	Group 3 Mths to 31/01/2007 S\$'000	Group 3 Mths to 31/01/2006 S\$'000	Company 3 Mths to 31/01/2007 S\$'000	Company 3 Mths to 31/01/2006 S\$'000
<b>Share Capital</b>				
Balance as at 1 August	250,883	131,584	250,883	131,584
Issuance of ordinary shares during the period	-	400	-	400
<b>Balance as at 31 October</b>	<b>250,883</b>	<b>131,984</b>	<b>250,883</b>	<b>131,984</b>
Transfer from Share Premium account	-	118,888	-	118,888
<b>Balance as at 31 January</b>	<b>250,883</b>	<b>250,872</b>	<b>250,883</b>	<b>250,872</b>
<b>Share premium</b>				
Balance as at 1 August	-	118,740	-	118,740
Premium from issue of ordinary shares upon exercise of share options	-	148	-	148
<b>Balance as at 31 October</b>	<b>-</b>	<b>118,888</b>	<b>-</b>	<b>118,888</b>
Transfer to Share Capital Account	-	(118,888)	-	(118,888)
<b>Balance as at 31 January</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Capital reserves</b>				
<b>Balance as at beginning and end of period</b>	<b>7,369</b>	<b>7,369</b>	<b>-</b>	<b>-</b>
<b>Merger reserves</b>				
<b>Balance at beginning and end of period</b>	<b>-</b>	<b>-</b>	<b>25,036</b>	<b>25,036</b>
<b>Employee share option reserve</b>				
Balance at 1 August	2,363	1,428	-	-
Cost of share-based payment	142	321	-	-
<b>Balance at 31 October</b>	<b>2,505</b>	<b>1,749</b>	<b>-</b>	<b>-</b>
Cost of share-based payment	142	252	-	-
<b>Balance as at 31 January</b>	<b>2,647</b>	<b>2,001</b>	<b>-</b>	<b>-</b>
<b>Accumulated profits/(losses)</b>				
Balance at 1 August	60,751	44,702	(1,351)	(6,066)
Profit / (loss) for the period	6,998	7,900	(310)	(424)
<b>Balance at 31 October</b>	<b>67,749</b>	<b>52,602</b>	<b>(1,661)</b>	<b>(6,490)</b>
Payment of dividend	(13,199)	(10,559)	(13,199)	(10,559)
Profit /(loss) for the period	5,066	5,368	1,759	(1,064)
<b>Balance as at 31 January</b>	<b>59,616</b>	<b>47,411</b>	<b>(13,101)</b>	<b>(18,113)</b>
<b>Fair value adjustment reserve</b>				
Balance at 1 August	(15,342)	(15,352)	(15,342)	(15,352)
Net change in the reserve	78	15	78	15
<b>Balance at 31 October</b>	<b>(15,264)</b>	<b>(15,337)</b>	<b>(15,264)</b>	<b>(15,337)</b>
Net change in the reserve	20	51	20	51
<b>Balance as at 31 January</b>	<b>(15,244)</b>	<b>(15,286)</b>	<b>(15,244)</b>	<b>(15,286)</b>

	Group 3 Mths to 31/01/2007 S\$'000	Group 3 Mths to 31/01/2006 S\$'000	Company 3 Mths to 31/01/2007 S\$'000	Company 3 Mths to 31/01/2006 S\$'000
<b>Foreign currency translation reserve</b>				
Balance at 1 August	(29,283)	(20,714)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(1,169)	1,453	-	-
long term intercompany loan	(881)	1,209	-	-
<b>Balance at 31 October</b>	<b>(31,333)</b>	<b>(18,052)</b>	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	442	(3,986)	-	-
long term intercompany loan	(2,237)	(3,758)	-	-
<b>Balance as at 31 January</b>	<b>(33,128)</b>	<b>(25,796)</b>	-	-
<b>Minority Interest</b>				
Balance as at 1 August	5,242	5,552	-	-
Net profit for the period	34	54	-	-
Foreign currency translation adjustment	-	(12)	-	-
<b>Balance as at 31 October</b>	<b>5,276</b>	<b>5,594</b>	-	-
Net profit for the period	22	(82)	-	-
Foreign currency translation adjustment	1	(1)	-	-
<b>Balance as at 31 January</b>	<b>5,299</b>	<b>5,511</b>	-	-
<b>Total</b>	<b>277,442</b>	<b>272,082</b>	<b>247,574</b>	<b>242,509</b>

**1(d(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

The Company did not issue any ordinary share during the second quarter ended 31 January 2007. As at 31 January 2007, there were unexercised options for 33,672,817 of ordinary shares under the Beyonics Share Option Scheme 2000.

**2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been reviewed nor audited.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The same accounting policies and method of computation as in the Group's most recently audited financial statements for the financial year ended 31 July 2006 have been adopted.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

See Section 4 above.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	3 Mths Ended 31/01/2007	3 Mths Ended 31/01/2006	6 Mths Ended 31/01/2007	6 Mths Ended 31/01/2006
Earnings per ordinary share	0.96 cents	1.02 cents	2.28 cents	2.52 cents
Diluted earnings per ordinary share	0.96 cents	1.01 cents	2.28 cents	2.49 cents

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**

**(b) immediately preceding financial year**

<b>Group</b>	31/01/2007	31/07/2006
Net assets value per ordinary share	51.55 cents	52.42 cents
<b>Company</b>		
Net assets value per ordinary share	46.89 cents	49.10 cents

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Revenue, cost of sales and profit attributable to equity holders of the Company decreased in the first half year under review ("1H FY07") compared to the corresponding period of the previous financial year ("1H FY06") mainly due to lower revenue from the Electronic Manufacturing Services ("EMS") division and higher depreciation due to the increase in fixed assets.

Revenue from the EMS division decreased by 25.9% to S\$360.7 million in 1H FY07 compared to 1H FY06 due to the discontinuation of PCBA activities for one of our customers and slow take-off of telecommunication products by another customer.

Revenue from the Precision Engineering Services ("PES") division increased by 52.6% to S\$85.1 million in 1H FY07 compared to 1H FY06. The increase was mainly due to the healthy growth in the hard disk drive ("HDD") industry.

Gross profit decreased by 3.2% to S\$28.1 million in 1H FY07 compared with S\$29.0 million in 1H FY06 due to lower revenue coupled with higher depreciation and adverse exchange rates. However, gross profit margin for 1H FY07 was higher as compared to 1H FY06 due to better product mix.

Finance costs increased by 144.8% in 1H FY07 mainly due to higher bank borrowings and interest rates.

Overall the Group's profit attributable to equity holders of the Company decreased by 9.1% to S\$12.1 million in 1H FY07 as compared to S\$13.3 million in 1H FY06.

Basic earnings per share ("EPS") in 1H FY07 decreased to 2.28 cents from 2.52 cents in 1H FY06 in line with the lower profit.

The Group maintained a strong balance sheet as at 31 January 2007. The higher bank borrowings as at 31 January 2007 were largely to finance new machinery and equipment.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable

**10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

We expect the Group to perform relatively well as we see increased production output from our recent investments in capacities and firmer demand from our existing customers including those in the HDD, healthcare and automotive industries. However, uncertainty due to recent consolidations of the manufacturing industry and the volatility in raw materials prices and exchange rates may affect our profitability.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? None

**(b) Corresponding Period of the immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? None

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect**

Not applicable

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

Not applicable

**14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

**15. A breakdown of sales**

Not applicable

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	<b>Latest Full Year (S\$'000)</b>	<b>Previous Full Year (S\$'000)</b>
<b>Ordinary</b>	<b>0</b>	<b>0</b>
<b>Preference</b>	<b>0</b>	<b>0</b>
<b>Total:</b>	<b>0</b>	<b>0</b>

**Confirmation By The Board of Directors**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for 1H FY07 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Tay Peng Huat  
Company Secretary  
14/03/2007