

BEYONICS TECHNOLOGY LIMITED

Second Quarter Financial Statements for the Period Ended 31/01/2010

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 31/01/2010 S\$'000	Group 3 Months Ended 31/01/2009 S\$'000	Change %	Group 6 Months Ended 31/01/2010 S\$'000	Group 6 Months Ended 31/01/2009 S\$'000	Change %
Revenue	397,358	334,264	18.9	791,665	822,345	(3.7)
Cost of sales	(386,120)	(328,659)	17.5	(770,024)	(805,270)	(4.4)
Gross profit	11,238	5,605	100.5	21,641	17,075	26.7
Other Income	191	528	(63.8)	423	1,002	(57.8)
	11,429	6,133	86.4	22,064	18,077	22.1
General and administrative expenses	(5,368)	(4,505)	19.2	(12,354)	(9,052)	36.5
Selling and marketing expenses	(112)	(59)	89.8	(145)	(97)	49.5
Profit from operating activities	5,949	1,569	279.2	9,565	8,928	7.1
Finance costs	(564)	(1,074)	(47.5)	(1,259)	(1,996)	(36.9)
Profit before taxation	5,385	495	987.9	8,306	6,932	19.8
Taxation	(837)	(232)	260.8	(1,430)	(944)	51.5
Profit after taxation	4,548	263	1,629.3	6,876	5,988	14.8
Attributable to:						
Equity holders of the Company	4,197	383	995.8	6,233	5,991	4.0
Minority interests	351	(120)	nm	643	(3)	nm
	4,548	263	1,629.3	6,876	5,988	14.8

Note:

nm - not meaningful

Statement of Comprehensive Income

	Group 3 Months Ended 31/01/2010 S\$'000	Group 3 Months Ended 31/01/2009 S\$'000	Group 6 Months Ended 31/01/2010 S\$'000	Group 6 Months Ended 31/01/2009 S\$'000
Profit for the period	4,548	263	6,876	5,988
Other comprehensive income:				
Fair value change of available for sale financial assets	-	-	-	(39)
Foreign currency translation				
- share capital, capital reserves, and revenue reserve/accumulated losses of subsidiaries companies	306	4,151	(1,864)	8,249
- long term intercompany loan	(542)	3,588	(5,762)	15,713
Cost of share based payment	16	89	32	178
Total comprehensive income for the period	4,328	8,091	(718)	30,089
Total comprehensive income attributable to:				
Equity holders of the Company	3,976	8,211	(1,361)	29,898
Minority interests	352	(120)	643	191
	4,328	8,091	(718)	30,089

Additional information for the income statement

	3 Months Ended 31/01/2010 S\$'000	3 Months Ended 31/01/2009 S\$'000	6 Months Ended 31/01/2010 S\$'000	6 Months Ended 31/01/2009 S\$'000
Depreciation	(8,489)	(9,815)	(17,108)	(18,918)
Interest on borrowings	(564)	(1,074)	(1,259)	(1,996)
Foreign exchange gain/(loss)	532	1,620	(795)	5,096
Gain/(Loss) on disposal of fixed assets	46	7	(264)	5
Fixed assets written off	(10)	-	(15)	(126)
Cost of share-based payment	(16)	(89)	(32)	(178)
Interest income	23	92	41	337
Write back of allowance for doubtful debts/(Allowance for doubtful debts)	2	(33)	6	(44)
Allowance for stock obsolescence/(Write back of allowance)	(66)	149	(59)	(124)

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.

	Group 31/01/2010 S\$'000	Group 31/07/2009 S\$'000	Company 31/01/2010 S\$'000	Company 31/07/2009 S\$'000
Non-Current Assets				
Fixed assets	229,253	249,431	-	-
Subsidiary companies	-	-	322,188	322,304
Investment securities	488	536	195	233
Investment properties	4,047	4,171	-	-
Intangible assets	20,054	20,054	-	-
Deferred tax assets	5,344	5,441	-	-
	259,186	279,633	322,383	322,537
Current Assets				
Asset held for sale	-	1,605	-	-
Inventories	83,053	73,584	-	-
Trade debtors	246,897	228,166	-	-
Other debtors	4,246	2,876	284	363
Other non-financial assets	8,973	8,510	26	17
Amounts due from subsidiary companies	-	-	6,791	21,333
Fixed deposits	1,845	1,222	33	34
Cash and bank balances	60,500	60,928	3,863	6,354
	405,514	376,891	10,997	28,101
Current Liabilities				
Trade creditors	254,968	226,725	-	-
Other creditors and accruals	13,996	17,196	654	1,046
Other non-financial liability	1,626	1,146	-	-
Finance lease creditors	41	40	-	-
Provision for taxation	2,176	1,790	15	18
Bank borrowings	50,910	53,599	41,267	41,267
	323,717	300,496	41,936	42,331
Net Current Assets/(Liabilities)	81,797	76,395	(30,939)	(14,230)
Non-Current Liabilities				
Finance lease creditors	125	146	-	-
Deferred tax liabilities	8,602	8,775	-	-
Long term loans	28,267	42,400	28,267	42,400
	36,994	51,321	28,267	42,400
Net Assets	303,989	304,707	263,177	265,907
Equity attributable to equity holders of the Company				
Share capital	254,022	254,022	254,022	254,022
Reserves	43,674	45,036	9,155	11,885
	297,696	299,058	263,177	265,907
Minority interests	6,293	5,649	-	-
Total Equity	303,989	304,707	263,177	265,907

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/01/2010		As at 31/07/2009	
Secured	Unsecured	Secured	Unsecured
S\$'000 41	S\$'000 50,910	S\$'000 40	S\$'000 53,599

Amount repayable after one year

As at 31/01/2010		As at 31/07/2009	
Secured	Unsecured	Secured	Unsecured
S\$'000 125	S\$'000 28,267	S\$'000 146	S\$'000 42,400

Details of any collateral

As at 31 January 2010, the Group's secured borrowings comprised outstanding hire purchase 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 31/01/2010 S\$'000	Group 3 Months Ended 31/01/2009 S\$'000
Cash flows from operating activities:-		
Profit before taxation and minority interests	5,385	495
Adjustments for:		
Depreciation of fixed assets	8,489	9,815
Cost of share-based payment	16	89
Impairment of investment securities	39	-
Gain on disposal of fixed assets	(46)	(7)
Fixed assets written off	10	-
Interest expense	564	1,074
Interest income	(23)	(92)
Currency re-alignment	(784)	2,004
Operating profit before working capital changes	13,650	13,378
(Increase)/Decrease in inventories	(2,640)	5,328
(Increase)/Decrease in trade debtors	(17,381)	117,227
Increase in other debtors and other non-financial assets	(2,823)	(1,621)
Increase/(Decrease) in trade creditors	18,547	(109,534)
Decrease in other creditors, accruals and non-financial liability	(862)	(11,137)
Cash generated from operations	8,491	13,641
Interest paid	(564)	(1,074)
Interest received	23	92
Taxation paid	(789)	(824)
Net cash generated from operating activities	7,161	11,835
Cash flows from investing activities		
Purchase of fixed assets	(1,581)	(4,285)
Proceeds from sale of fixed assets	73	159
Acquisition of subsidiary company	-	(568)
Net cash used in investing activities	(1,508)	(4,694)
Cash flows from financing activities		
Payment of finance lease obligations	(10)	(10)
Repayment of short-term bank borrowings	(559)	(1,365)
Repayment of long-term bank borrowings	(7,066)	-
Payment of dividend	-	(6,425)
Net cash used in financing activities	(7,635)	(7,800)
Net decrease in cash and cash equivalents	(1,982)	(659)
Cash and cash equivalents at beginning of period	64,327	60,466
Cash and cash equivalents at end of the period	62,345	59,807
Cash and cash equivalents comprise the following balance sheet amounts :-		
Fixed Deposits	1,845	1,035
Cash and bank balances	60,500	58,772
	62,345	59,807

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 Capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	Share capital S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Fair value adjustment reserve S\$'000	Revenue reserve S\$'000	Total attributable to owners of the Company S\$'000	Minority interest S\$'000	Total equity S\$'000
Balance as at 1 August 2009	254,022	17,259	(40,089)	2,731	-	65,135	299,058	5,649	304,707
Total Comprehensive income for the period	-	-	(7,390)	16	-	2,036	(5,338)	292	(5,046)
Transfer of reserve on disposal	-	(489)	-	-	-	489	-	-	-
Balance as at 31 October 2009	254,022	16,770	(47,479)	2,747	-	67,660	293,720	5,941	299,661
Total Comprehensive income for the period	-	-	(237)	16	-	4,197	3,976	352	4,328
Balance as at 31 January 2010	254,022	16,770	(47,716)	2,763	-	71,857	297,696	6,293	303,989

GROUP	Share capital S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Share option reserve S\$'000	Fair value adjustment reserve S\$'000	Revenue reserve S\$'000	Total attributable to owners of the Company S\$'000	Minority interest S\$'000	Total equity S\$'000
Balance as at 1 August 2008	254,022	17,259	(52,646)	2,520	(128)	67,397	288,424	5,340	293,764
Total Comprehensive income for the period	-	-	16,029	89	(39)	5,608	21,687	311	21,998
Balance as at 31 October 2008	254,022	17,259	(36,617)	2,609	(167)	73,005	310,111	5,651	315,762
Total Comprehensive income for the period	-	-	7,739	89	-	383	8,211	(120)	8,091
Payment of dividend	-	-	-	-	-	(6,425)	(6,425)	-	(6,425)
Balance as at 31 January 2009	254,022	17,259	(28,878)	2,698	(167)	66,963	311,897	5,531	317,428

COMPANY	Share capital S\$'000	Merger reserve S\$'000	Share option reserve S\$'000	Fair value adjustment reserve S\$'000	Revenue reserve S\$'000	Total equity S\$'000
Balance as at 1 August 2009	254,022	25,036	2,731	-	(15,882)	265,907
Total Comprehensive income for the period	-	-	16	-	(2,425)	(2,409)
Balance as at 31 October 2009	254,022	25,036	2,747	-	(18,307)	263,498
Total Comprehensive income for the period	-	-	16	-	(337)	(321)
Balance as at 31 January 2010	254,022	25,036	2,763	-	(18,644)	263,177

COMPANY	Share capital S\$'000	Merger reserve S\$'000	Share option reserve S\$'000	Fair value adjustment reserve S\$'000	Revenue reserve S\$'000	Total equity S\$'000
Balance as at 1 August 2008	254,022	25,036	2,520	(128)	(12,176)	269,274
Total Comprehensive income for the period	-	-	89	(39)	5,065	5,115
Balance as at 31 October 2008	254,022	25,036	2,609	(167)	(7,111)	274,389
Total Comprehensive income for the period	-	-	89	-	2,126	2,215
Payment of dividend	-	-	-	-	(6,425)	(6,425)
Balance as at 31 January 2009	254,022	25,036	2,698	(167)	(11,410)	270,179

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 well as the number of shares as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, 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 three months ended 31 January 2010. As at 31 January 2010, there were unexercised options for 31,265,394 (31 January 2009: 33,525,612) ordinary shares under the Beyonics Share Option Scheme 2000.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	31/01/2010	31/07/2009
The total number of issued shares excluding treasury shares	535,383,701	535,383,701

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

None.

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 audited nor reviewed.

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 Group adopted revised FRS 1 Presentation of Financial Statements and FRS 108 Operating Segments which are effective for financial periods beginning on or after 1 January 2009. The adoption of these FRS did not result in any significant change to the Group's accounting policies as they are disclosure standards.

Other than the above, the same accounting policies and methods of computation as in the Group's most recently audited financial statements for the year ended 31 July 2009 have been applied.

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

Refer to 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 31/01/2010	3 Mths Ended 31/01/2009	6 Mths Ended 31/01/2010	6 Mths Ended 31/01/2009
Earnings per ordinary share	0.78 cents	0.07 cents	1.16 cents	1.12 cents
Diluted earnings per ordinary share	0.78 cents	0.07 cents	1.16 cents	1.12 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

Group	31/01/2010	31/07/2009
Net assets value per ordinary share	55.60 cents	55.86 cents
Company		
Net assets value per ordinary share	49.16 cents	49.67 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**

Q2 FY10 vs Q2 FY09

Revenue of the Group for the three months ended 31 January 2010 ("Q2 FY10") increased by 18.9% to S\$397.4 million compared to the corresponding period of the preceding financial year ("Q2 FY09"). This was attributable to the improvement in general economic and business environment which resulted in improved orders from our customers. Accordingly, revenue from the Electronics Manufacturing Services ("EMS") and Precision Engineering Services ("PES") divisions increased by 16.2% to S\$358.0 million and 50.2% to S\$39.3 million respectively in Q2 FY10 compared to Q2 FY09.

Gross profit increased by 100.5% to S\$11.2 million due to higher revenue and manufacturing capacity utilization. Gross profit margin for Q2 FY10 was also higher at 2.8% compared to 1.7% in Q2 FY09 due to better product mix and the recovering hard disk drive industry.

Excluding exchange gains, Selling, General and Administrative expenses in Q2 FY10 were comparable to that of Q2 FY09.

Finance costs decreased by 47.5% to S\$0.6 million due to lower bank borrowings.

Overall, the Group's profit attributable to equity holders of the Company increased by 995.8% to S\$4.2 million in Q2 FY10 compared to Q2 FY09.

1H FY10 vs 1H FY09

Revenue of the Group decreased in the first half year under review ("1H FY10") by 3.7% to S\$791.7 million compared to the corresponding period of the preceding financial year ("1H FY09") mainly due to the weak Q1 FY10.

Gross profit increased by 26.7% to S\$21.6 million in 1H FY10 compared with S\$17.1 million in 1H FY09 due to the better performing Q2 FY10. Gross profit margin for 1H FY10 was higher at 2.7% compared to 2.1% in 1H FY09 due to a better product mix and the recovering hard disk drive industry.

Excluding exchange differences, Selling, General and Administrative expenses were lower by 17.8% to S\$11.7 million in 1H FY10 compared to S\$14.2 million in 1H FY09 mainly due to cost rationalization.

Finance costs decreased by 36.9% to S\$1.3 million in 1H FY10 mainly due to lower bank borrowings.

Overall, the Group's profit attributable to equity holders of the Company increased by 4.0% to S\$6.2 million in 1H FY10 compared to S\$6.0 million in 1H FY09.

Basic Earnings per Share ("EPS")

EPS for Q2 FY10 increased to 0.78 cents from 0.07 cents for Q2 FY09. EPS for 1H FY10 increased to 1.16 cents from 1.12 cents for 1H FY09.

Balance Sheet

Inventories, trade debtors and trade creditors balances were higher as a result of higher manufacturing activities in January 2010.

The lower bank borrowings as at 31 January 2010 was a result of partial repayment of bank loans.

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**

Though we are witnessing an improvement in general economic and business environment which resulted in increased orders from our customers, we expect full recovery of the economy and business to pre-crisis level to take some time amidst concerns of a double dip recession and high unemployment in Europe and U.S. We therefore expect the business environment to continue to be challenging and highly competitive with volatility in foreign exchange rates and prices of energy and raw materials.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. **If no dividend has been declared/recommendeded, 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)

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

Interested Person Transaction

The Company does not have any interested person transaction in Q2 FY10 that is discloseable under Rule 920(1)(a) of the SGX-ST Listing Manual.

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 Q2 FY10 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Tay Peng Huat
Company Secretary
12/03/2010