

# BEYONICS TECHNOLOGY LIMITED

## Second Quarter Financial Statements for the Period Ended 31/01/2008

### 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 31/01/2008 S\$'000	Group 3 Months Ended 31/01/2007 S\$'000	Change %	Group 6 Months Ended 31/01/2008 S\$'000	Group 6 Months Ended 31/01/2007 S\$'000	Change %
<b>Revenue</b>	<b>254,883</b>	<b>200,318</b>	<b>27.2</b>	<b>469,282</b>	<b>445,875</b>	<b>5.2</b>
Cost of sales	(241,787)	(186,676)	29.5	(441,964)	(417,795)	5.8
<b>Gross profit</b>	<b>13,096</b>	<b>13,642</b>	<b>(4.0)</b>	<b>27,318</b>	<b>28,080</b>	<b>(2.7)</b>
Other Income	658	544	21.0	1,513	860	75.9
	<b>13,754</b>	<b>14,186</b>	<b>(3.0)</b>	<b>28,831</b>	<b>28,940</b>	<b>(0.4)</b>
General and administrative expenses	(8,388)	(7,748)	8.3	(18,349)	(14,159)	29.6
Selling and marketing expenses	(190)	(324)	(41.4)	(430)	(585)	(26.5)
<b>Profit from operating activities</b>	<b>5,176</b>	<b>6,114</b>	<b>(15.3)</b>	<b>10,052</b>	<b>14,196</b>	<b>(29.2)</b>
Finance costs	(935)	(731)	27.9	(1,782)	(1,344)	32.6
<b>Profit before taxation and minority interests</b>	<b>4,241</b>	<b>5,383</b>	<b>(21.2)</b>	<b>8,270</b>	<b>12,852</b>	<b>(35.7)</b>
Taxation	(337)	(295)	14.2	(708)	(730)	(3.0)
<b>Profit after taxation</b>	<b>3,904</b>	<b>5,088</b>	<b>(23.3)</b>	<b>7,562</b>	<b>12,122</b>	<b>(37.6)</b>
<b>Attributable to:</b>						
Equity holders of the Company	<b>3,886</b>	<b>5,066</b>	<b>(23.3)</b>	<b>7,521</b>	<b>12,066</b>	<b>(37.7)</b>
Minority interests	18	22	(18.2)	41	56	(26.8)
	<b>3,904</b>	<b>5,088</b>	<b>(23.3)</b>	<b>7,562</b>	<b>12,122</b>	<b>(37.6)</b>

#### Additional information for the income statement

	3 Months Ended 31/01/2008 S\$'000	3 Months Ended 31/01/2007 S\$'000	6 Months Ended 31/01/2008 S\$'000	6 Months Ended 31/01/2007 S\$'000
Depreciation	(7,870)	(6,784)	(15,192)	(13,292)
Interest on borrowings	(935)	(731)	(1,782)	(1,344)
Foreign exchange loss	(1,446)	(1,419)	(5,742)	(1,672)
(Loss)/Gain on disposal of fixed assets	(6)	141	21	163
Fixed assets written off	-	-	-	(301)
Cost of share-based payment	(73)	(142)	(146)	(283)
Interest income	256	198	513	407
Allowance for doubtful debts written back	-	92	124	317
Allowance for stock obsolescence	(21)	(128)	(92)	(272)

**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 31/01/2008 S\$'000</b>	<b>Group 31/07/2007 S\$'000</b>	<b>Company 31/01/2008 S\$'000</b>	<b>Company 31/07/2007 S\$'000</b>
<b>Non-Current Assets</b>				
Fixed Assets	251,128	237,285	-	-
Subsidiary companies	-	-	291,526	291,526
Investment securities	611	823	311	506
Investment properties	4,115	3,968	-	-
Intangible assets	19,925	19,217	-	-
	<b>275,779</b>	<b>261,293</b>	<b>291,837</b>	<b>292,032</b>
<b>Current Assets</b>				
Stocks	96,077	69,475	-	-
Trade debtors	186,178	99,240	-	-
Other debtors	12,381	11,827	191	126
Amount due from subsidiary companies	-	-	58,370	23,651
Fixed deposits	271	324	33	35
Cash and bank balances	36,301	67,890	912	11,940
	<b>331,208</b>	<b>248,756</b>	<b>59,506</b>	<b>35,752</b>
<b>Current Liabilities</b>				
Trade creditors	185,637	84,798	-	-
Other creditors and accruals	21,419	25,033	710	1,530
Finance lease creditors	38	30	-	-
Provision for taxation	2,808	2,745	44	44
Bank borrowings	114,868	102,550	95,300	57,400
	<b>324,770</b>	<b>215,156</b>	<b>96,054</b>	<b>58,974</b>
<b>Net Current Assets/(Liabilities)</b>	<b>6,438</b>	<b>33,600</b>	<b>(36,548)</b>	<b>(23,222)</b>
<b>Non-Current Liabilities</b>				
Finance lease creditors	207	137	-	-
Deferred taxation	448	267	-	-
	<b>655</b>	<b>404</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>281,562</b>	<b>294,489</b>	<b>255,289</b>	<b>268,810</b>
<b>Equity Attributable to Equity Holders of the Company</b>				
Share capital	253,422	252,193	253,422	252,193
Reserves	22,585	36,782	1,867	16,617
	<b>276,007</b>	<b>288,975</b>	<b>255,289</b>	<b>268,810</b>
Minority interests	5,555	5,514	-	-
<b>Total Equity</b>	<b>281,562</b>	<b>294,489</b>	<b>255,289</b>	<b>268,810</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 31/01/2008</b>		<b>As at 31/07/2007</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$'000 38	S\$'000 114,868	S\$'000 30	S\$'000 102,550

**Amount repayable after one year**

<b>As at 31/01/2008</b>		<b>As at 31/07/2007</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$'000 207	S\$'000 -	S\$'000 137	S\$'000 -

**Details of any collateral**

As at 31 January 2008, 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 31/01/2008 S\$'000	Group 3 Months Ended 31/01/2007 S\$'000
<b>Cash flows from operating activities:-</b>		
Profit before taxation and minority interests	4,241	5,383
Adjustments for:		
Depreciation of fixed assets	7,870	6,784
Cost of share-based payment	73	142
Gain from disposal of investment securities	-	(113)
Write off of investment securities	-	254
Loss/(gain) on sale of fixed assets	6	(141)
Interest expenses	935	731
Interest income	(256)	(198)
Currency re-alignment	(2,015)	(836)
<b>Operating profit before working capital changes</b>	<b>10,854</b>	<b>12,006</b>
Increase in stocks	(29,122)	(3,981)
(Increase)/decrease in trade debtors	(82,887)	5,851
Decrease in other debtors	1,059	3,563
Increase/(decrease) in trade creditors	104,265	(28,748)
(Decrease)/increase in other creditors and accruals	(1,040)	6,385
<b>Cash generated from / (used in) operations</b>	<b>3,129</b>	<b>(4,924)</b>
Interest paid	(935)	(731)
Interest income	256	198
Taxation paid	(327)	(334)
<b>Net cash generated from / (used in) operating activities</b>	<b>2,123</b>	<b>(5,791)</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(31,573)	(20,480)
Proceeds from sale of fixed assets	2	251
Proceeds from disposal of investment securities	-	378
<b>Net cash used in investing activities</b>	<b>(31,571)</b>	<b>(19,851)</b>
<b>Cash flows from financing activities:-</b>		
Payment of finance lease obligations	(89)	(6)
Proceeds from bank borrowings	20,693	31,542
Proceeds from the exercise of share options	31	-
Payment of dividend	(10,708)	(13,199)
<b>Net cash generated from financing activities</b>	<b>9,927</b>	<b>18,337</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(19,521)</b>	<b>(7,305)</b>
Cash and cash equivalents at beginning of the period	56,093	58,557
<b>Cash and cash equivalents at end of the period</b>	<b>36,572</b>	<b>51,252</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	271	796
Cash and bank balances	36,301	50,456
	<b>36,572</b>	<b>51,252</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**

	<b>Group 3 Mths to 31/01/2008 S\$'000</b>	<b>Group 3 Mths to 31/01/2007 S\$'000</b>	<b>Company 3 Mths to 31/01/2008 S\$'000</b>	<b>Company 3 Mths to 31/01/2007 S\$'000</b>
<b>Share capital</b>				
Balance at 1 August	252,193	250,883	252,193	250,883
Issuance of ordinary shares during the period	1,198	-	1,198	-
<b>Balance at 31 October</b>	<b>253,391</b>	<b>250,883</b>	<b>253,391</b>	<b>250,883</b>
Issuance of ordinary shares during the period	31	-	31	-
<b>Balance at 31 January</b>	<b>253,422</b>	<b>250,883</b>	<b>253,422</b>	<b>250,883</b>
<b>Capital reserve</b>				
Balance at 1 August	7,369	7,369	-	-
Effect of adopting FRS 40	(3,121)	-	-	-
<b>Balance at 1 August – restated and 31 January</b>	<b>4,248</b>	<b>7,369</b>	<b>-</b>	<b>-</b>
<b>Merger reserve</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	2,812	2,363	-	-
Cost of share-based payment	73	142	-	-
<b>Balance at 31 October</b>	<b>2,885</b>	<b>2,505</b>	<b>-</b>	<b>-</b>
Cost of share-based payment	73	142	-	-
<b>Balance at 31 January</b>	<b>2,958</b>	<b>2,647</b>	<b>-</b>	<b>-</b>
<b>Revenue reserve</b>				
Balance at 1 August	72,900	60,751	6,669	(1,351)
Effect of adopting FRS 40	3,507	-	-	-
Balance at 1 August - restated	76,407	60,751	6,669	(1,351)
Profit / (loss) for the period	3,635	6,998	(2,552)	(310)
<b>Balance at 31 October</b>	<b>80,042</b>	<b>67,749</b>	<b>4,117</b>	<b>(1,661)</b>
Payment of dividend	(10,708)	(13,199)	(10,708)	(13,199)
Profit / (loss) for the period	3,886	5,066	(1,295)	1,759
<b>Balance at 31 January</b>	<b>73,220</b>	<b>59,616</b>	<b>(7,886)</b>	<b>(13,101)</b>

	Group 3 Mths to 31/01/2008 S\$'000	Group 3 Mths to 31/01/2007 S\$'000	Company 3 Mths to 31/01/2008 S\$'000	Company 3 Mths to 31/01/2007 S\$'000
<b>Foreign currency translation reserve</b>				
Balance at 1 August	(31,211)	(29,283)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(4,566)	(1,169)	-	-
long term intercompany loan	(6,259)	(881)	-	-
<b>Balance at 31 October</b>	<b>(42,036)</b>	<b>(31,333)</b>	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	1,405	442	-	-
long term intercompany loan	(1,927)	(2,237)	-	-
<b>Balance at 31 January</b>	<b>(42,558)</b>	<b>(33,128)</b>	-	-
<b>Fair value adjustment reserve</b>				
Balance at 1 August	(15,088)	(15,342)	(15,088)	(15,342)
Net change in the reserve	39	78	39	78
<b>Balance at 31 October</b>	<b>(15,049)</b>	<b>(15,264)</b>	<b>(15,049)</b>	<b>(15,264)</b>
Net change in the reserve	(234)	20	(234)	20
<b>Balance at 31 January</b>	<b>(15,283)</b>	<b>(15,244)</b>	<b>(15,283)</b>	<b>(15,244)</b>
<b>Minority Interest</b>				
Balance at 1 August	5,514	5,242	-	-
Net profit for the period	24	34	-	-
Foreign currency translation adjustment	(1)	-	-	-
<b>Balance at 31 October</b>	<b>5,537</b>	<b>5,276</b>	-	-
Net profit for the period	18	22	-	-
Foreign currency translation adjustment	-	1	-	-
<b>Balance at 31 January</b>	<b>5,555</b>	<b>5,299</b>	-	-
<b>Total</b>	<b>281,562</b>	<b>277,442</b>	<b>255,289</b>	<b>247,574</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**

During the second quarter ended 31 January 2008, the Company issued 100,000 ordinary shares upon the exercise of options granted under the Beyonics Share Option Scheme. As at 31 January 2008, there were unexercised options for 32,561,101 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**

Except as disclosed in paragraph 5 below, 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 2007 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**

For the current financial year, the Group has adopted FRS 40 – investment property.

Prior to the adoption of FRS 40, investment properties are accounted for as long-term investments and are carried in the balance sheet at valuation and are revalued every three to five years. The surplus on revaluation is credited directly to capital reserves unless it reverses revaluation decrease relating to the same assets, which was previously recognized as an expense. Any deficit on revaluation is recognized as an expense unless it reverses a previous surplus relating to that asset, in which case it is charged against any related revaluation surplus in respect of that same class of assets. Any balance remaining in the revaluation surplus in respect of an investment property, is transferred directly to accumulated profits on retirement or disposal of the property.

With the adoption of FRS 40, changes in fair values of investment properties will be included in the profit and loss account.

This change in accounting policy has been accounted for prospectively in accordance with the transitional provisions and has resulted in a decrease in capital reserves of S\$3,121,000, an increase in revenue reserves of S\$3,507,000 and an increase in investment properties of S\$386,000 as at 1 August 2007.

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 31/01/2008	3 Mths Ended 31/01/2007	6 Mths Ended 31/01/2008	6 Mths Ended 31/01/2007
Earnings per ordinary share	0.73 cents	0.96 cents	1.41 cents	2.28 cents
Diluted earnings per ordinary share	0.73 cents	0.96 cents	1.41 cents	2.28 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>	<b>31/01/2008</b>	<b>31/07/2007</b>
Net assets value per ordinary share	51.55 cents	54.35 cents
<b>Company</b>		
Net assets value per ordinary share	47.68 cents	50.56 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 of the Group increased in the first half year under review ("1H FY08") compared to the corresponding period of the previous financial year ("1H FY07") mainly due to new PCBA business from Seagate in our Electronic Manufacturing Services ("EMS") division and a healthy hard disk drive industry.

Revenue from the EMS division increased by 4.5% to S\$376.8 million in 1H FY08 compared to 1H FY07 due mainly to the commencement of new PCBA business from Seagate in January 2008. However, this was partly offset by lower orders for battery packs and cordless phones.

Revenue from the Precision Engineering Services ("PES") division increased by 8.6% to S\$92.5 million in 1H FY08 compared to 1H FY07 mainly due to a healthy hard disk drive ("HDD") industry.

Gross profit decreased by 2.7% to S\$27.3 million in 1H FY08 compared with S\$28.1 million in 1H FY07 due to higher depreciation, adverse exchange rates and lower contribution margin from the new PCBA business from Seagate.

Selling, General and Administrative expenses increased by 27.4% to S\$18.8 million in 1H FY08 compared to S\$14.7 million in 1H FY07 mainly due to exchange losses arising from inter-company loans and trade balances.

Finance costs increased by 32.6% to S\$1.8 million in 1H FY08 mainly due to higher bank borrowings to finance the acquisition of Seagate operation in Senai.

Overall the Group's profit attributable to equity holders of the Company decreased by 37.7% to S\$7.5 million in 1H FY08 as compared to S\$12.1 million in 1H FY07.

Basic earnings per share ("EPS") for 1H FY08 decreased to 1.41 cents from 2.28 cents for 1H FY07 in line with the lower profit.

The higher bank borrowings, stocks and fixed assets as at 31 January 2008 were largely due to the acquisition of Seagate operation in Senai. The higher trade debtors and trade creditors were largely due to the commencement of PCBA business from Seagate.

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 revenue to improve in the second half of FY08 with the new PCBA business from Seagate as well as the recovery of orders for battery packs and cordless phones. We expect the Group to perform relatively well, however, uncertainty due to 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/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)

	<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 FY08 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Tay Peng Huat  
Company Secretary  
14/03/2008