

BEYONICS TECHNOLOGY LIMITED

Second Quarter Financial Statements And Dividend Announcement for the Period Ended 31/01/2004

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 31/01/2004 S\$'000	Group 3 Months Ended 31/01/2003 S\$'000	Change %	Group 6 Months Ended 31/01/2004 S\$'000	Group 6 Months Ended 31/01/2003 S\$'000	Change %
Revenue	208,473	145,272	43.5	471,243	287,341	64.0
Cost of sales	(195,293)	(133,870)	45.9	(442,622)	(264,420)	67.4
Gross profit	13,180	11,402	15.6	28,621	22,921	24.9
Other Income	176	139	26.6	347	293	18.4
	13,356	11,541	15.7	28,968	23,214	24.8
General and administrative costs	(6,843)	(5,674)	20.6	(13,685)	(10,211)	34.0
Selling and marketing expenses	(681)	(279)	144.1	(1,388)	(660)	110.3
Profit from operating activities	5,832	5,588	4.4	13,895	12,343	12.6
Finance costs	(305)	(195)	56.4	(880)	(345)	155.1
Profit before taxation and minority interests	5,527	5,393	2.5	13,015	11,998	8.5
Taxation	(362)	(866)	(58.2)	(1,029)	(1,990)	(48.3)
Profit after taxation	5,165	4,527	14.1	11,986	10,008	19.8
Minority interests	18	33	(45.5)	82	60	36.7
Profit attributable to shareholders	5,183	4,560	13.7	12,068	10,068	19.9

Additional information for the income statement

	3 Months Ended 31/01/2004 S\$'000	3 Months Ended 31/01/2003 S\$'000	6 Months Ended 31/01/2004 S\$'000	6 Months Ended 31/01/2003 S\$'000
Depreciation and amortisation	(6,616)	(3,687)	(13,383)	(7,264)
Interest on borrowings	(305)	(195)	(880)	(345)
Foreign exchange loss	(1,100)	(1,409)	(1,172)	(800)
Provision for doubtful debts	(66)	(238)	(501)	(680)
Provision for stock obsolescence	(298)	(450)	(858)	(877)

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 31/01/2004 S\$'000	Group 31/07/2003 S\$'000	Company 31/01/2004 S\$'000	Company 31/07/2003 S\$'000
Non-Current Assets				
Fixed Assets	164,167	181,358	-	-
Subsidiary companies	-	-	153,114	153,114
Long-term investments	872	786	11	11
Investment properties	7,680	7,954	-	-
Intangible assets	19,766	13,101	-	-
	192,485	203,199	153,125	153,125
Current Assets				
Stocks	47,274	46,296	-	-
Trade debtors	110,743	131,383	-	-
Other debtors	14,483	13,848	62	20
Amount due from subsidiary companies	-	-	112,849	90,722
Short-term investments	103	86	103	86
Fixed deposits	489	1,383	-	-
Cash and bank balances	50,659	57,525	921	650
	223,751	250,521	113,935	91,478
Current Liabilities				
Trade creditors	121,233	146,884	-	-
Other creditors and accruals	18,710	28,829	401	731
Amount due to subsidiary companies	-	-	11,086	13,269
Hire purchase creditors	1,995	2,477	-	-
Provision for taxation	3,256	5,763	126	142
Bank borrowings	37,896	42,195	27,000	-
	183,090	226,148	38,613	14,142
Net Current Assets	40,661	24,373	75,322	77,336
Non-Current Liabilities				
Hire purchase creditors	1,338	2,335	-	-
Long-term loan	8,600	8,600	8,600	8,600
Deferred taxation	3,456	3,063	-	-
	13,394	13,998	8,600	8,600
Net Assets	219,752	213,574	219,847	221,861
Capital and Reserves				
Share capital	114,897	113,638	114,897	113,638
Share premium	114,210	113,454	114,210	113,454
Capital reserves	7,369	7,369	-	-
Merger reserve	-	-	25,036	25,036
Accumulated losses	(3,422)	(11,918)	(34,296)	(30,267)
Foreign currency translation reserve	(18,619)	(14,371)	-	-
	214,435	208,172	219,847	221,861
Minority interests	5,317	5,402	-	-
Total Equity	219,752	213,574	219,847	221,861

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

As at 31/01/2004		As at 31/07/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,652	32,239	44,672	-

Amount repayable after one year

As at 31/01/2004		As at 31/07/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,338	8,600	2,335	8,600

Details of any collateral

As at 31 January 2004, the Group's secured borrowings comprised the following:

- a. S\$5.7 million bank loans which are secured by the mortgages of leasehold land and plant and machinery of a subsidiary company, Pacific Plastics (Suzhou) Limited; and
- b. 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 31/01/2004 S\$'000	Group 3 Months Ended 31/01/2003 S\$'000
Cash flow from operating activities:-		
Profit before taxation and minority interests	5,527	5,393
Adjustments for:		
Depreciation of fixed assets	6,396	3,678
(Writeback)/provision for impairment in value of quoted investments	(4)	12
Amortisation of goodwill	220	9
Gain on sale of fixed assets	(34)	(41)
Interest expenses	305	195
Interest income	(11)	(10)
Currency re-alignment	84	(1,308)
Operating profit before working capital changes	12,483	7,928
Decrease in stocks	7,891	3,983
Decrease in trade debtors	16,556	14,892
Decrease in other debtors	302	2,984
(Decrease)/increase in trade creditors	(12,936)	18,955
(Decrease) in other creditors and accruals	(9,296)	(17,138)
Cash generated from operations	15,000	31,604
Interest paid	(305)	(195)
Interest income	11	10
Taxation paid	(2,781)	(993)
Net cash provided from operating activities	11,925	30,426
Cash flows from investing activities:-		
Purchase of fixed assets	(4,873)	(6,794)
Proceeds from sale of fixed assets	147	1,386
Payment for investment	(100)	-
Cash flow on acquisition	-	(7,685)
Net cash used in investing activities	(4,826)	(13,093)
Cash flows from financing activities:-		
Payment of hire purchase obligations	(676)	(115)
Repayment of bank borrowings	(215)	-
Proceeds from the exercise of share options	1,408	-
Payment of dividend	(3,572)	(3,498)
Decrease in pledged fixed deposits	-	221
Net cash used in financing activities	(3,055)	(3,392)
Net increase in cash and cash equivalents	4,044	13,941
Cash and cash equivalents at beginning of period	46,829	37,734
Cash and cash equivalents at end of the period	50,873	51,675
Cash and cash equivalents comprise the following balance sheet amounts :-		
Fixed Deposits	489	780
Cash and bank balances	50,659	51,523
	51,148	52,303
Less: Pledged fixed deposits	(275)	(628)
	50,873	51,675

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 6 Mths to 31/01/2004 S\$'000	Group 6 Mths to 31/01/2003 S\$'000	Company 6 Mths to 31/01/2004 S\$'000	Company 6 Mths to 31/01/2003 S\$'000
Share Capital				
Balance as at 1 August	113,638	86,768	113,638	86,768
Issuance of ordinary shares during the period	370	52	370	52
Balance as at 31 October	114,008	86,820	114,008	86,820
Issuance of ordinary shares during the period	889	2,870	889	2,870
Balance as at 31 January	114,897	89,690	114,897	89,690
Share premium				
Balance as at 1 August	113,454	79,818	113,454	79,818
Premium from issue of ordinary shares upon exercise of share options	237	58	237	58
Balance as at 31 October	113,691	79,876	113,691	79,876
Premium from issue of ordinary shares upon exercise of share options	519	-	519	-
Premium from issue of ordinary shares from acquisition of subsidiaries	-	3,129	-	3,129
Share issue expenses	-	(61)	-	(61)
Balance as at 31 January	114,210	82,944	114,210	82,944
Capital reserves				
Balance as at 1 August	7,369	2,147	-	-
Effect of prior year adjustments	-	6,276	-	-
Balance at beginning of the period, restated	7,369	8,423	-	-
Balance as at 31 January	7,369	8,423	-	-
Merger reserves				
Balance at beginning and end of period	-	-	25,036	25,036
Accumulated losses				
Balance as at 1 August	(11,918)	(12,101)	(30,267)	(31,172)
Effect of prior year adjustments	-	(7,388)	-	-
Balance at beginning of the period, restated	(11,918)	(19,489)	-	-
Profit / (loss) for the period	6,885	5,508	(225)	(215)
Balance as at 31 October	(5,033)	(13,981)	(30,492)	(31,387)
Payment of dividend	(3,572)	(3,498)	(3,572)	(3,498)
Profit / (loss) for the period	5,183	4,560	(232)	(390)
Balance as at 31 January	(3,422)	(12,919)	(34,296)	(35,275)

	Group 6 Mths to 31/01/2004 S\$'000	Group 6 Mths to 31/01/2003 S\$'000	Company 6 Mths to 31/01/2004 S\$'000	Company 6 Mths to 31/01/2003 S\$'000
Foreign currency translation reserve				
Balance as at 1 August	(14,371)	(14,296)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(1,103)	465	-	-
long term intercompany loan	(521)	340	-	-
Balance as at 31 October	(15,995)	(13,491)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(1,865)	(1,295)	-	-
long term intercompany loan	(759)	(974)	-	-
Balance as at 31 January	(18,619)	(15,760)	-	-
Total	214,435	152,378	219,847	162,395

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

In January 2004, the Company consolidated every five (5) issued and unissued ordinary shares of S\$0.10 each in the capital of the Company into two (2) ordinary shares of S\$0.25 each in the capital of the Company.

During the second quarter ended 31 January 2004, the Company issued an equivalent of 3,553,000 ordinary shares of S\$0.25 each upon the exercise of options granted under the Beyonics Share Option Scheme 2000.

As at 31 January 2004, there were unexercised options for 73,200 and 26,498,200 of ordinary shares of S\$0.25 each under the Uraco Executives' Share Option Scheme and Beyonics Share Option Scheme 2000 respectively.

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 Group has applied the same accounting policies and method of computation for the current reporting period as those in the audited financial statements in the previous financial year.

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

Not applicable

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 31/01/2004	3 Mths Ended 31/01/2003	6 Mths Ended 31/01/2004	6 Mths Ended 31/01/2003
Earnings per ordinary share	1.13 cents	1.31 cents	2.64 cents	2.89 cents
Diluted earnings per ordinary share	1.12 cents	1.30 cents	2.60 cents	2.88 cents

Earnings per ordinary share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding on the respective period.

For comparative purposes, the weighted average number of ordinary shares is calculated based on par value of S\$0.25 per ordinary share.

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	31/01/2004	31/07/2003
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	46.66 cents	45.80 cents
Company	31/01/2004	31/07/2003
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	47.84 cents	48.81 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

Sales, cost of sales and operating expenses increased significantly for the half year under review compared to the corresponding half year period of the previous financial year mainly due to the acquisitions of the Flairis Group in July 2003 and the Pacific Plastics Group (now known as the Beyonics China Group) in December 2002.

Sales for the Contract Manufacturing Division increased by 77.9% to S\$410.5 million in the half year under review as a result of the sales contribution from these acquisitions. The lower revenue in the second quarter as compared to the first quarter was due to the seasonal slowdown in demand of consumer products.

Sales for the Precision Engineering Division increased by 7.4% to S\$60.7 million for the half year under review. The sales revenue was impacted by a weaker US dollar in the second quarter.

Profit from operating activities increased by 12.6% to S\$13.9 million in the half year under review. However, a general increase in raw material prices resulted in a lower profitability compared to the first quarter.

Finance costs increased by S\$0.5 million in the half year under review due to interest expenses on bank borrowings from the Flairis Group.

Taxation decreased by 48.3% to S\$1.0 million in the half year under review largely due to utilization of unabsorbed tax losses and capital allowances by certain subsidiaries.

The above factors resulted in an increase of 19.8% to S\$12.1 million in profit attributable to shareholders in the half year under review.

Basic earnings per share ("EPS") for the half year under review decreased to 2.64 cents from 2.89 cents in the previous year's corresponding period largely due to the increased number of outstanding shares.

The Group's balance sheet remains healthy despite taking on Flairis' bank borrowings. Fixed assets decreased by S\$17.2 million largely due to normal depreciation and impairment loss on Flairis' plant and machinery. The Group has written down S\$5.0 million of Flairis' assets in the second quarter under review largely due to impairment loss to its plant and machinery which existed at the date of acquisition. This impairment loss does not relate to specific events or changes in circumstances occurring after the date of acquisition of Flairis. In accordance with Financial Report Standard 22 "Business Combinations", such impairment loss is adjusted to goodwill which accounted for the corresponding increase in Intangible Assets.

Trade Debtors decreased by S\$20.6 million to S\$110.7 million and Trade Creditors decreased by S\$25.7 million to S\$121.2 million largely due to lower sales in the second quarter. Other Creditors and Accruals decreased by S\$10.1 million to S\$18.7 million as the previous period included accruals for building costs, other sundry expenses and bonuses.

Cash and Bank balances decreased by S\$6.9 million to S\$50.7 million largely due to repayment of Bank Borrowings of S\$4.3 million and dividend payment of S\$3.6 million.

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

The Group sees a general increase in raw materials and components prices largely due to the strong demand for such raw materials and components in the China market. Any major shortage in such raw materials or components may impact the profitability of the Group. Management has been actively in discussions with customers and suppliers to manage such raw materials and components. Management continues to intensively focus on cost efficiencies and productivity to minimize the impact of price increases or shortages in such raw materials and components.

The Group plans to establish a precision engineering operation and consolidate its contract manufacturing operation in China in the next 12 months to further improve cost efficiencies and establish better strategic partnerships with our major customers and attract potential customers.

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)

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

BY ORDER OF THE BOARD

Tay Peng Huat
Company Secretary
12/03/2004