

# BEYONICS TECHNOLOGY LIMITED

## Third Quarter Financial Statements for the Period Ended 30/04/2004

### 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 30/04/2004 S\$'000	Group 3 Months Ended 30/04/2003 S\$'000	Change %	Group 9 Months Ended 30/04/2004 S\$'000	Group 9 Months Ended 30/04/2003 S\$'000	Change %
<b>Revenue</b>	<b>239,370</b>	<b>134,781</b>	<b>77.6</b>	<b>710,613</b>	<b>422,122</b>	<b>68.3</b>
Cost of sales	(226,641)	(122,287)	85.3	(669,263)	(386,707)	73.1
<b>Gross profit</b>	<b>12,729</b>	<b>12,494</b>	<b>1.9</b>	<b>41,350</b>	<b>35,415</b>	<b>16.8</b>
Other Income	7	237	(97.0)	354	530	(33.2)
	<b>12,736</b>	<b>12,731</b>	<b>-</b>	<b>41,704</b>	<b>35,945</b>	<b>16.0</b>
General and administrative costs	(6,824)	(5,135)	32.9	(20,509)	(15,346)	33.6
Selling and marketing expenses	(586)	(388)	51.0	(1,974)	(1,048)	88.4
<b>Profit from operating activities</b>	<b>5,326</b>	<b>7,208</b>	<b>(26.1)</b>	<b>19,221</b>	<b>19,551</b>	<b>(1.7)</b>
Finance costs	(328)	(271)	21.0	(1,208)	(616)	96.1
<b>Profit before taxation and minority interests</b>	<b>4,998</b>	<b>6,937</b>	<b>(28.0)</b>	<b>18,013</b>	<b>18,935</b>	<b>(4.9)</b>
Taxation	(710)	(1,093)	(35.0)	(1,739)	(3,083)	(43.6)
<b>Profit after taxation</b>	<b>4,288</b>	<b>5,844</b>	<b>(26.6)</b>	<b>16,274</b>	<b>15,852</b>	<b>2.7</b>
Minority interests	(50)	34	(247.1)	32	94	(66.0)
<b>Profit attributable to shareholders</b>	<b>4,238</b>	<b>5,878</b>	<b>(27.9)</b>	<b>16,306</b>	<b>15,946</b>	<b>2.3</b>

Additional information for the income statement

	3 Months Ended 30/04/2004 S\$'000	3 Months Ended 30/04/2003 S\$'000	9 Months Ended 30/04/2004 S\$'000	9 Months Ended 30/04/2003 S\$'000
Depreciation and amortisation	(6,440)	(4,165)	(19,823)	(11,429)
Interest on borrowings	(328)	(271)	(1,208)	(616)
Foreign exchange (loss) / gain	(80)	12	(1,252)	(788)
Write back / (Provision) for doubtful debts	57	(80)	(444)	(600)
Provision for stock obsolescence	(226)	(338)	(1,084)	(1,215)

**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 30/04/2004 S\$'000</b>	<b>Group 31/07/2003 S\$'000</b>	<b>Company 30/04/2004 S\$'000</b>	<b>Company 31/07/2003 S\$'000</b>
<b>Non-Current Assets</b>				
Fixed Assets	163,151	181,358	-	-
Subsidiary companies	-	-	153,114	153,114
Long-term investments	874	786	11	11
Investment properties	7,708	7,954	-	-
Intangible assets	19,504	13,101	-	-
	<b>191,237</b>	<b>203,199</b>	<b>153,125</b>	<b>153,125</b>
<b>Current Assets</b>				
Stocks	60,667	46,296	-	-
Trade debtors	107,775	131,383	-	-
Other debtors	16,489	13,848	267	20
Amount due from subsidiary companies	-	-	113,077	90,722
Short-term investments	101	86	101	86
Fixed deposits	486	1,383	-	-
Cash and bank balances	40,411	57,525	187	650
	<b>225,929</b>	<b>250,521</b>	<b>113,632</b>	<b>91,478</b>
<b>Current Liabilities</b>				
Trade creditors	119,628	146,884	-	-
Other creditors and accruals	22,529	28,829	464	731
Amount due to subsidiary companies	-	-	11,782	13,269
Hire purchase creditors	1,731	2,477	-	-
Provision for taxation	1,534	5,763	126	142
Bank borrowings	42,670	42,195	34,600	-
	<b>188,092</b>	<b>226,148</b>	<b>46,972</b>	<b>14,142</b>
<b>Net Current Assets</b>	<b>37,837</b>	<b>24,373</b>	<b>66,660</b>	<b>77,336</b>
<b>Non-Current Liabilities</b>				
Hire purchase creditors	965	2,335	-	-
Long-term loan	-	8,600	-	8,600
Deferred taxation	3,542	3,063	-	-
	<b>4,507</b>	<b>13,998</b>	<b>-</b>	<b>8,600</b>
<b>Net Assets</b>	<b>224,567</b>	<b>213,574</b>	<b>219,785</b>	<b>221,861</b>
<b>Capital and Reserves</b>				
Share capital	115,026	113,638	115,026	113,638
Share premium	114,294	113,454	114,294	113,454
Capital reserves	7,369	7,369	-	-
Merger reserve	-	-	25,036	25,036
Retained earnings / (Accumulated losses)	816	(11,918)	(34,571)	(30,267)
Foreign currency translation reserve	(18,307)	(14,371)	-	-
	<b>219,198</b>	<b>208,172</b>	<b>219,785</b>	<b>221,861</b>
Minority interests	5,369	5,402	-	-
<b>Total Equity</b>	<b>224,567</b>	<b>213,574</b>	<b>219,785</b>	<b>221,861</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 30/04/2004		As at 31/07/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000 1,731	S\$'000 42,670	S\$'000 44,672	S\$'000 -

**Amount repayable after one year**

As at 30/04/2004		As at 31/07/2003	
Secured	Unsecured	Secured	Unsecured
S\$'000 965	S\$'000 -	S\$'000 2,335	S\$'000 8,600

**Details of any collateral**

As at 30 April 2004, the Group's secured borrowings comprised mainly 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 30/04/2004 S\$'000	Group 3 Months Ended 30/04/2003 S\$'000
<b>Cash flow from operating activities:-</b>		
Profit before taxation and minority interests	4,998	6,937
Adjustments for:		
Depreciation of fixed assets	6,180	4,157
Provision for impairment in value of quoted investments	2	5
Amortisation of goodwill	260	8
Loss on sale of fixed assets	8	140
Interest expenses	328	271
Interest income	(11)	(32)
Currency re-alignment	38	585
<b>Operating profit before working capital changes</b>	<b>11,803</b>	<b>12,071</b>
(Increase) / Decrease in stocks	(13,393)	4,009
Decrease in trade debtors	2,968	6,401
(Increase) / Decrease in other debtors	(2,006)	5,638
Decrease in trade creditors	(1,605)	(19,847)
Increase / (Decrease) in other creditors and accruals	3,819	(7,250)
<b>Cash generated from operations</b>	<b>1,586</b>	<b>1,022</b>
Interest paid	(328)	(271)
Interest income	11	32
Taxation paid	(2,346)	(1,568)
<b>Net cash used in operating activities</b>	<b>(1,077)</b>	<b>(785)</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(5,025)	(9,950)
Proceeds from sale of fixed assets	101	1,333
<b>Net cash used in investing activities</b>	<b>(4,924)</b>	<b>(8,617)</b>
<b>Cash flows from financing activities:-</b>		
Payment of hire purchase obligations	(637)	(556)
Repayment of bank borrowings	(3,826)	(4,861)
Proceeds from the exercise of share options	213	87
Decrease in pledged fixed deposits	39	437
<b>Net cash used in financing activities</b>	<b>(4,211)</b>	<b>(4,893)</b>
Net decrease in cash and cash equivalents	(10,212)	(14,295)
Cash and cash equivalents at beginning of period	50,873	51,675
<b>Cash and cash equivalents at end of the period</b>	<b>40,661</b>	<b>37,380</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	486	439
Cash and bank balances	40,411	37,132
	<b>40,897</b>	<b>37,571</b>
Less: Pledged fixed deposits	236	191
	<b>40,661</b>	<b>37,380</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 9 Mths to 30/04/2004 S\$'000</b>	<b>Group 9 Mths to 30/04/2003 S\$'000</b>	<b>Company 9 Mths to 30/04/2004 S\$'000</b>	<b>Company 9 Mths to 30/04/2003 S\$'000</b>
<b>Share Capital</b>				
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
Issuance of ordinary shares during the period	129	57	129	57
<b>Balance as at 30 April</b>	<b>115,026</b>	<b>89,747</b>	<b>115,026</b>	<b>89,747</b>
<b>Share premium</b>				
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
Premium from issue of ordinary shares upon exercise of share options	84	30	84	30
<b>Balance as at 30 April</b>	<b>114,294</b>	<b>82,974</b>	<b>114,294</b>	<b>82,974</b>
<b>Capital reserves</b>				
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	-	-
<b>Balance as at 30 April</b>	<b>7,369</b>	<b>8,423</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>

	Group 9 Mths to 30/04/2004 S\$'000	Group 9 Mths to 30/04/2003 S\$'000	Company 9 Mths to 30/04/2004 S\$'000	Company 9 Mths to 30/04/2003 S\$'000
<b>Retained Profit / (Accumulated losses)</b>				
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)	(30,267)	(31,172)
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)
Profit / (loss) for the period	4,238	5,878	(275)	(242)
<b>Balance as at 30 April</b>	<b>816</b>	<b>(7,041)</b>	<b>(34,571)</b>	<b>(35,517)</b>
<b>Foreign currency translation reserve</b>				
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)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	183	1,700	-	-
long term intercompany loan	129	801	-	-
<b>Balance as at 30 April</b>	<b>(18,307)</b>	<b>(13,259)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>219,198</b>	<b>160,844</b>	<b>219,785</b>	<b>162,240</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 third quarter ended 30 April 2004, the Company issued 518,000 ordinary shares of S\$0.25 each upon the exercise of options granted under the Beyonics Share Option Scheme 2000.

As at 30 April 2004, there were unexercised options for 73,200 and 30,891,200 of ordinary shares of S\$0.25 each under the Uraco Executives' Share Option Scheme and Beyonics Share Option Scheme 2000 respectively. The unexercised options for 73,200 of ordinary shares under the Uraco Executives' Share Option Scheme lapsed on 26 May 2004.

- 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 30/04/2004	3 Mths Ended 30/04/2003	9 Mths Ended 30/04/2004	9 Mths Ended 30/04/2003
Earnings per ordinary share	0.92 cents	1.67 cents	3.56 cents	4.53 cents
Diluted earnings per ordinary share	0.91 cents	1.66 cents	3.53 cents	4.51 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 during the respective periods.

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**

<b>Group</b>	30/04/2004	31/07/2003
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	47.64 cents	45.80 cents
<b>Company</b>	30/04/2004	31/07/2003
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	47.77 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 nine months ended 30 April 2004 compared to the corresponding period of the previous financial year largely due to the acquisition of the Flairis Group and Pacific Plastics Group.

Sales from the Contract Manufacturing Division increased by 88.3% to \$623.6 million for the nine months under review as a result of these acquisitions.

Sales from the Precision Engineering Division for the nine months under review was lower by 4.4% to \$87.0 million compared to the previous corresponding period. Sales in the third quarter was impacted by a continual weakening of the US Dollar and slower orders from a major customer.

Profit from operating activities for the nine months under review was lower by 1.7% to \$19.2 million. This was mainly due to a general increase in raw materials prices and increased costs arising from shortages of certain critical components especially in the third quarter under review.

Finance costs increased by 96.1% to \$1.2 million for the nine months under review largely due to interest expenses on bank borrowings from the Flairis Group.

Taxation decreased by 43.6% to \$1.7 million for the nine months under review largely due to utilization of unabsorbed tax losses, capital allowances and tax incentives by certain subsidiaries.

The above factors resulted in an increase in profit attributable to shareholders of 2.3% to \$16.3 million for the nine months under review.

Basic earnings per share ("EPS") for the nine months under review decreased to 3.56 cents from 4.53 cents in the previous corresponding period taking into account the increased number of outstanding shares arising from the Flairis acquisition.

The Group's balance sheet continues to be healthy. Fixed assets decreased by \$18.2 million largely due to normal depreciation and impairment loss on Flairis' plant and machinery.

Stocks increased by \$14.4 million to \$60.7 million largely due to inventory built-up for new Japanese projects, stock-up of raw materials in anticipation of further price increases and slower sales to a major disk drive customer.

Despite the higher sales, Trade Debtors decreased by \$23.6 million to \$107.8 million and Trade Creditors decreased by \$27.3 million to \$119.6 million mainly due to continuing focus on cashflow management. Bank borrowings decreased by \$8.1 million to \$42.7 million due to repayment.

**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**

Despite a higher sales revenue compared to the immediate last quarter, the Group had a lower gross margin in the third quarter largely due to a sustained price increase in raw materials, in particular aluminum ingots and increased costs arising from shortages of certain critical components. The nature of the hard disk industry is such that the Group may only purchase raw materials from a limited number of customer-approved suppliers. Despite our continuing efforts in cost reduction measures, if the prices of raw materials, critical components and oil continue to rise, the profitability of the Group will continue to be impacted.

We are proceeding with our plans to set up a die-casting and precision engineering plant in Changshu, China. In addition, we are planning to build a fully integrated EMS plant in Suzhou, thereby consolidating our current Suzhou facilities. Both new plants are expected to be completed in early 2005.

We envisage that both these two new plants will improve cost efficiencies and position the Group to establish better strategic partnerships with our 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)

	<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>

**BY ORDER OF THE BOARD**

Tay Peng Huat  
Company Secretary  
18/06/2004