

BEYONICS TECHNOLOGY LIMITED

**First Quarter Financial Statement Announcement**

**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**

	<b>Group 3 Months Ended 31/10/2004 S\$'000</b>	<b>Group 3 Months Ended 31/10/2003 S\$'000</b>	<b>Change %</b>
<b>Revenue</b>	<b>256,741</b>	<b>262,770</b>	<b>(2.3)</b>
Cost of sales	(240,870)	(247,329)	(2.6)
<b>Gross profit</b>	<b>15,871</b>	<b>15,441</b>	<b>2.8</b>
Other Income	153	171	(10.5)
	<b>16,024</b>	<b>15,612</b>	<b>2.6</b>
General and administrative costs	(7,516)	(6,842)	9.9
Selling and marketing expenses	(486)	(707)	(31.3)
<b>Profit from operating activities</b>	<b>8,022</b>	<b>8,063</b>	<b>(0.5)</b>
Finance costs	(254)	(575)	(55.8)
<b>Profit before taxation and minority interests</b>	<b>7,768</b>	<b>7,488</b>	<b>3.7</b>
Taxation	(686)	(667)	2.9
<b>Profit after taxation</b>	<b>7,082</b>	<b>6,821</b>	<b>3.8</b>
Minority interests	(164)	65	(352.3)
<b>Profit attributable to shareholders</b>	<b>6,918</b>	<b>6,886</b>	<b>0.5</b>

Additional information for the income statement

	<b>3 Months Ended 31/10/2004 S\$'000</b>	<b>3 Months Ended 31/10/2003 S\$'000</b>
Depreciation and amortisation	5,967	6,767
Interest on borrowings	254	575
Net foreign exchange loss	844	72
Provision for doubtful debts	92	435
Provision for stock obsolescence	-	560

**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 31/10/2004 S\$'000</b>	<b>Group 31/7/2004 S\$'000</b>	<b>Company 31/10/2004 S\$'000</b>	<b>Company 31/7/2004 S\$'000</b>
<b>Non-Current Assets</b>				
Fixed Assets	158,767	162,762	-	-
Subsidiary companies	-	-	142,877	142,277
Long-term investments	714	788	11	11
Investment properties	4,359	4,517	-	-
Intangible assets	19,217	19,217	-	-
	<b>183,057</b>	<b>187,284</b>	<b>142,888</b>	<b>142,288</b>
<b>Current Assets</b>				
Stocks	56,511	60,891	-	-
Trade debtors	138,761	112,367	-	-
Other debtors	19,473	18,506	162	10
Amount due from subsidiary companies	-	-	106,092	123,481
Short-term investments	133	110	133	110
Fixed deposits	632	769	-	-
Cash and bank balances	57,677	56,659	3,171	205
	<b>273,187</b>	<b>249,302</b>	<b>109,558</b>	<b>123,806</b>
<b>Current Liabilities</b>				
Trade creditors	144,893	129,027	-	-
Other creditors and accruals	25,995	24,744	601	592
Amount due to subsidiary companies	-	-	-	7,133
Hire purchase creditors	1,315	1,605	-	-
Provision for taxation	2,077	2,511	17	126
Bank borrowings	40,391	40,852	22,200	31,600
	<b>214,671</b>	<b>198,739</b>	<b>22,818</b>	<b>39,451</b>
<b>Net Current Assets</b>	<b>58,516</b>	<b>50,563</b>	<b>86,740</b>	<b>84,355</b>
<b>Non-Current Liabilities</b>				
Hire purchase creditors	420	678	-	-
Deferred taxation	4,014	4,241	-	-
	<b>4,434</b>	<b>4,919</b>	-	-
<b>Net Assets</b>	<b>237,139</b>	<b>232,928</b>	<b>229,628</b>	<b>226,643</b>
<b>Capital and Reserves</b>				
Share capital	117,434	115,026	117,434	115,026
Share premium	115,570	114,294	115,570	114,294
Capital reserve	7,369	7,369	-	-
Merger reserve	-	-	25,036	25,036
Accumulated profits / (losses)	14,396	7,478	(28,412)	(27,713)
Foreign currency translation reserve	(23,430)	(16,807)	-	-
	<b>231,339</b>	<b>227,360</b>	<b>229,628</b>	<b>226,643</b>
Minority interests	5,800	5,568	-	-
<b>Total Equity</b>	<b>237,139</b>	<b>232,928</b>	<b>229,628</b>	<b>226,643</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 the end of the immediately preceding financial year**

<b>As at 31/10/2004</b>		<b>As at 31/7/2004</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
1,315	40,391	1,605	40,852

**Amount repayable after one year**

<b>As at 31/10/2004</b>		<b>As at 31/7/2004</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
420	-	678	-

**Details of any collateral**

As at 31 October 2004, the Group 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**

	<b>Group 31/10/2004 S\$'000</b>	<b>Group 31/10/2003 S\$'000</b>
<b>Cash flow from operating activities:-</b>		
Profit before taxation and minority interests	7,768	7,488
Adjustments for:		
Depreciation of fixed assets	5,967	6,595
Provision for impairment in value of quoted investments	(23)	(13)
Amortisation of goodwill	-	172
Gain on sale of fixed assets	(150)	(43)
Interest expenses	254	575
Interest income	(30)	(12)
Currency re-alignment	(3,226)	6
<b>Operating profit before working capital changes</b>	<b>10,560</b>	<b>14,768</b>
Decrease/(increase) in stocks	4,380	(9,339)
(Increase)/decrease in trade debtors	(26,394)	4,001
Increase in other debtors	(967)	(1,169)
Increase/(decrease) in trade creditors	15,866	(12,715)
Increase/(decrease) in other creditors and accruals	1,251	(973)
<b>Cash generated from / (used in) operations</b>	<b>4,696</b>	<b>(5,427)</b>
Interest paid	(254)	(575)
Interest income	30	12
Taxation paid	(1,347)	(361)
<b>Net cash provided from /(used in) operating activities</b>	<b>3,125</b>	<b>(6,351)</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(5,190)	(1,680)
Proceeds from sale of fixed assets	271	506
<b>Net cash used in investing activities</b>	<b>(4,919)</b>	<b>(1,174)</b>
<b>Cash flows from financing activities:-</b>		
Payment of hire purchase creditors	(548)	(803)
Repayment of bank borrowings	(461)	(4,084)
Proceeds from the exercise of share options	3,684	608
<b>Net cash generated from/(used in) financing activities</b>	<b>2,675</b>	<b>(4,279)</b>
Net increase/(decrease) in cash and cash equivalents	881	(11,804)
Cash and cash equivalents at beginning of period	57,428	58,908
<b>Cash and cash equivalents at end of the period</b>	<b>58,309</b>	<b>47,104</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	632	499
Cash and bank balances	57,677	46,605
	<b>58,309</b>	<b>47,104</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 31/10/2004 S\$'000</b>	<b>Group 31/10/2003 S\$'000</b>	<b>Company 31/10/2004 S\$'000</b>	<b>Company 31/10/2003 S\$'000</b>
<b>Share Capital</b>				
Balance at beginning of period	115,026	113,638	115,026	113,638
Issuance of ordinary shares during the period	2,408	370	2,408	370
<b>Balance at end of period</b>	<b>117,434</b>	<b>114,008</b>	<b>117,434</b>	<b>114,008</b>
<b>Share premium</b>				
Balance at beginning of period	114,294	113,454	114,294	113,454
Premium from issue of ordinary shares upon exercise of share options	1,276	237	1,276	237
<b>Balance at end of period</b>	<b>115,570</b>	<b>113,691</b>	<b>115,570</b>	<b>113,691</b>
<b>Capital reserves</b>				
<b>Balance 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>Accumulated profits/(losses)</b>				
Balance at beginning of period	7,478	(11,918)	(27,713)	(30,267)
Profit / (Loss) for the period	6,918	6,886	(699)	(225)
<b>Balance at end of period</b>	<b>14,396</b>	<b>(5,032)</b>	<b>(28,412)</b>	<b>(30,492)</b>
<b>Foreign currency translation reserve</b>				
Balance at beginning of period	(16,807)	(14,371)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(4,264)	(1,103)	-	-
long term intercompany loan	(2,359)	(521)	-	-
<b>Balance at end of period</b>	<b>(23,430)</b>	<b>(15,995)</b>	<b>-</b>	<b>-</b>
	<b>231,339</b>	<b>214,041</b>	<b>229,628</b>	<b>222,243</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 for 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 financial period, the Company issued 9,632,000 ordinary shares of S\$0.25 each upon the exercise of options granted under the Beyonics Share Option Scheme 2000.

As at 31 October 2004, there were unexercised options for 25,166,200 of ordinary shares of S\$0.25 each 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 for the adoption of FRS 103, Revised FRS 36 and Revised 38 with effect from 1 August 2004, 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 2004 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**

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 Months Ended 31/10/2004	3 Months Ended 31/10/2003
Basic earnings per ordinary share	1.48 cents	1.51 cents
Diluted earnings per ordinary share	1.48 cents	1.50 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 period reported on and (b) immediately preceding financial year**

<b>Group</b>	31/10/2004	31/7/2004
Net asset value per ordinary share	49.25 cents	49.41 cents
<b>Company</b>		
Net asset value per ordinary share	48.88 cents	49.26 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 revenue decreased by 2.3% for the three months ended 31 October 2004 compared to the corresponding period of the previous financial year mainly due to a weaker US Dollar.

Sales revenue from the Contract Manufacturing Division increased by 0.6% to S\$231.1 million compared to the previous corresponding period. Sales revenue would have been higher if not for a weaker US Dollar. Compared to the three months ended 31 July 2004, sales revenue was higher by 6.5%.

Sales revenue from the Precision Engineering Division decreased by 19.9% to S\$25.6 million compared to the previous corresponding period mainly due to lower orders from a major customer. However, compared to the three months ended 31 July 2004, sales revenue was higher by 11.3%.

Gross profit increased by 2.8% to S\$15.9 million compared with S\$15.4 million in the previous corresponding period. Gross profit as a percentage of sales revenue of 6.2% remained comparable to the previous corresponding period.

General and administrative costs were higher by 9.9% to S\$7.5 million compared to the previous corresponding period largely due to net exchange losses arising from the translation of foreign currencies denominated receivables and payables.

Finance costs decreased by 55.8% to S\$0.3 million compared to the previous corresponding period mainly due to refinancing of bank loans.

Overall, the Group registered a slight increase of 0.5% in profit attributable to shareholders to S\$6.9 million for the three months ended 31 October 2004 compared to the previous corresponding period.

Basic earnings per ordinary share decreased to 1.48 cents from 1.51 cents in the previous corresponding period due to a higher number of outstanding shares arising from shares issued from exercise of employees' share options.

The increases in trade debtors and trade creditors balances as at 31 October 2004 compared with balances as at 31 July 2004 were in line with higher sales revenue.

**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**

Prices of raw materials and components appear to have stabilized, but they are still generally higher compared to last year. We expect to continue to face cost challenges and will continue to focus on cost improvements.

Our three campus-style facilities in Malaysia and China are expected to be operational in 2005. We envisage these initiatives to improve our operational efficiencies and enable the Group to establish closer strategic partnerships with existing and new 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  
15/12/2004