

# BEYONICS TECHNOLOGY LIMITED

## Second Quarter Financial Statements for the Period Ended 31/01/2005

### 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 31/01/2005 S\$'000	Group 3 Months Ended 31/01/2004 S\$'000	Change %	Group 6 Months Ended 31/01/2005 S\$'000	Group 6 Months Ended 31/01/2004 S\$'000	Change %
<b>Revenue</b>	<b>225,335</b>	<b>208,473</b>	<b>8.1</b>	<b>482,076</b>	<b>471,243</b>	<b>2.3</b>
Cost of sales	(212,208)	(195,293)	8.7	(453,078)	(442,622)	2.4
<b>Gross profit</b>	<b>13,127</b>	<b>13,180</b>	<b>(0.4)</b>	<b>28,998</b>	<b>28,621</b>	<b>1.3</b>
Other Income	370	176	110.2	523	347	50.7
	<b>13,497</b>	<b>13,356</b>	<b>1.1</b>	<b>29,521</b>	<b>28,968</b>	<b>1.9</b>
General and administrative costs	(6,528)	(6,843)	(4.6)	(14,044)	(13,685)	2.6
Selling and marketing expenses	(544)	(681)	(20.1)	(1,030)	(1,388)	(25.8)
<b>Profit from operating activities</b>	<b>6,425</b>	<b>5,832</b>	<b>10.2</b>	<b>14,447</b>	<b>13,895</b>	<b>4.0</b>
Finance costs	(301)	(305)	(1.3)	(555)	(880)	(36.9)
<b>Profit before taxation and minority interests</b>	<b>6,124</b>	<b>5,527</b>	<b>10.8</b>	<b>13,892</b>	<b>13,015</b>	<b>6.7</b>
Taxation	(1,027)	(362)	183.7	(1,713)	(1,029)	66.5
<b>Profit after taxation</b>	<b>5,097</b>	<b>5,165</b>	<b>(1.3)</b>	<b>12,179</b>	<b>11,986</b>	<b>1.6</b>
Minority interests	201	18	1016.7	37	82	(54.9)
<b>Profit attributable to shareholders</b>	<b>5,298</b>	<b>5,183</b>	<b>2.2</b>	<b>12,216</b>	<b>12,068</b>	<b>1.2</b>

Additional information for the income statement

	3 Months Ended 31/01/2005 S\$'000	3 Months Ended 31/01/2004 S\$'000	6 Months Ended 31/01/2005 S\$'000	6 Months Ended 31/01/2004 S\$'000
Depreciation and amortisation	(5,257)	(6,616)	(11,224)	(13,383)
Interest on borrowings	(301)	(305)	(555)	(880)
Foreign exchange loss	(210)	(1,100)	(1,054)	(1,172)
Provision for doubtful debts written back/(provision for doubtful debts)	76	(66)	(16)	(501)
Provision for stock obsolescence	(85)	(298)	(85)	(858)

**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 31/01/2005 S\$'000</b>	<b>Group 31/07/2004 S\$'000</b>	<b>Company 31/01/2005 S\$'000</b>	<b>Company 31/07/2004 S\$'000</b>
<b>Non-Current Assets</b>				
Fixed Assets	159,847	162,762	-	-
Subsidiary companies	-	-	145,024	142,277
Long-term investments	709	788	11	11
Investment properties	4,290	4,517	-	-
Intangible assets	19,217	19,217	-	-
	<b>184,063</b>	<b>187,284</b>	<b>145,035</b>	<b>142,288</b>
<b>Current Assets</b>				
Stocks	62,491	60,891	-	-
Trade debtors	124,025	112,367	-	-
Other debtors	17,616	18,506	230	10
Amount due from subsidiary companies	-	-	100,729	123,481
Short-term investments	157	110	157	110
Fixed deposits	629	769	-	-
Cash and bank balances	60,330	56,659	1,109	205
	<b>265,248</b>	<b>249,302</b>	<b>102,225</b>	<b>123,806</b>
<b>Current Liabilities</b>				
Trade creditors	146,262	129,027	-	-
Other creditors and accruals	21,789	24,744	527	592
Amount due to subsidiary companies	-	-	-	7,133
Hire purchase creditors	986	1,605	-	-
Provision for taxation	2,565	2,511	17	126
Bank borrowings	39,472	40,852	22,200	31,600
	<b>211,074</b>	<b>198,739</b>	<b>22,744</b>	<b>39,451</b>
<b>Net Current Assets</b>	<b>54,174</b>	<b>50,563</b>	<b>79,481</b>	<b>84,355</b>
<b>Non-Current Liabilities</b>				
Hire purchase creditors	261	678	-	-
Deferred taxation	3,938	4,241	-	-
	<b>4,199</b>	<b>4,919</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>234,038</b>	<b>232,928</b>	<b>224,516</b>	<b>226,643</b>
<b>Capital and Reserves</b>				
Share capital	117,509	115,026	117,509	115,026
Share premium	115,610	114,294	115,610	114,294
Capital reserves	7,369	7,369	-	-
Merger reserve	-	-	25,036	25,036
Accumulated profits / (losses)	14,997	7,478	(33,639)	(27,713)
Foreign currency translation reserve	(27,046)	(16,807)	-	-
	<b>228,439</b>	<b>227,360</b>	<b>224,516</b>	<b>226,643</b>
Minority interests	5,599	5,568	-	-
<b>Total Equity</b>	<b>234,038</b>	<b>232,928</b>	<b>224,516</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 31/01/2005		As at 31/07/2004	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
986	39,472	1,605	40,852

**Amount repayable after one year**

As at 31/01/2005		As at 31/07/2004	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
261	-	678	-

**Details of any collateral**

As at 31 January 2005, 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**

	Group 3 Months Ended 31/01/2005 S\$'000	Group 3 Months Ended 31/01/2004 S\$'000
<b>Cash flow from operating activities:-</b>		
Profit before taxation and minority interests	6,124	5,527
Adjustments for:		
Depreciation of fixed assets	5,257	6,396
Writeback for impairment in value of quoted investments	(24)	(4)
Amortisation of goodwill	-	220
Loss/(gain) on sale of fixed assets	259	(34)
Interest expenses	301	305
Interest income	(37)	(11)
Currency re-alignment	(1,057)	84
<b>Operating profit before working capital changes</b>	<b>10,823</b>	<b>12,483</b>
(Increase)/decrease in stocks	(5,980)	7,891
Decrease in trade debtors	14,736	16,556
Decrease in other debtors	1,857	302
Increase/(decrease) in trade creditors	1,369	(12,936)
Decrease in other creditors and accruals	(4,206)	(9,296)
<b>Cash generated from operations</b>	<b>18,599</b>	<b>15,000</b>
Interest paid	(301)	(305)
Interest income	37	11
Taxation paid	(615)	(2,781)
<b>Net cash provided from operating activities</b>	<b>17,720</b>	<b>11,925</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(9,688)	(4,873)
Proceeds from sale of fixed assets	607	147
Payment for investment	-	(100)
<b>Net cash used in investing activities</b>	<b>(9,081)</b>	<b>(4,826)</b>
<b>Cash flows from financing activities:-</b>		
Payment of hire purchase obligations	(488)	(676)
Repayment of bank borrowings	(919)	(215)
Proceeds from the exercise of share options	115	1,408
Payment of dividend	(4,697)	(3,572)
<b>Net cash used in financing activities</b>	<b>(5,989)</b>	<b>(3,055)</b>
Net increase in cash and cash equivalents	2,650	4,044
Cash and cash equivalents at beginning of period	58,309	47,104
<b>Cash and cash equivalents at end of the period</b>	<b>60,959</b>	<b>51,148</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	629	489
Cash and bank balances	60,330	50,659
	<b>60,959</b>	<b>51,148</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 6 Mths to 31/01/2005 S\$'000</b>	<b>Group 6 Mths to 31/01/2004 S\$'000</b>	<b>Company 6 Mths to 31/01/2005 S\$'000</b>	<b>Company 6 Mths to 31/01/2004 S\$'000</b>
<b>Share Capital</b>				
Balance as at 1 August	115,026	113,638	115,026	113,638
Issuance of ordinary shares during the period	2,408	370	2,408	370
Balance as at 31 October	117,434	114,008	117,434	114,008
Issuance of ordinary shares during the period	75	889	75	889
<b>Balance as at 31 January</b>	<b>117,509</b>	<b>114,897</b>	<b>117,509</b>	<b>114,897</b>
<b>Share premium</b>				
Balance as at 1 August	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
Balance as at 31 October	115,570	113,691	115,570	113,691
Premium from issue of ordinary shares upon exercise of share options	40	519	40	519
<b>Balance as at 31 January</b>	<b>115,610</b>	<b>114,210</b>	<b>115,610</b>	<b>114,210</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 as at 1 August	7,478	(11,918)	(27,713)	(30,267)
Profit / (loss) for the period	6,918	6,885	(699)	(225)
Balance as at 31 October	14,396	(5,033)	(28,412)	(30,492)
Payment of dividend	(4,697)	(3,572)	(4,697)	(3,572)
Profit / (loss) for the period	5,298	5,183	(530)	(232)
<b>Balance as at 31 January</b>	<b>14,997</b>	<b>(3,422)</b>	<b>(33,639)</b>	<b>(34,296)</b>

	Group 6 Mths to 31/01/2005 S\$'000	Group 6 Mths to 31/01/2004 S\$'000	Company 6 Mths to 31/01/2005 S\$'000	Company 6 Mths to 31/01/2004 S\$'000
<b>Foreign currency translation reserve</b>				
Balance as at 1 August	(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)	-	-
Balance as at 31 October	(23,430)	(15,995)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(2,886)	(1,865)	-	-
long term intercompany loan	(730)	(759)	-	-
<b>Balance as at 31 January</b>	<b>(27,046)</b>	<b>(18,619)</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>228,439</b>	<b>214,435</b>	<b>224,516</b>	<b>219,847</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 2005, the Company issued 300,000 ordinary shares of S\$0.25 each upon the exercise of options granted under the Beyonics Share Option Scheme 2000.

As at 31 January 2005, there were unexercised options for 24,413,200 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 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 Mths Ended 31/01/2005	3 Mths Ended 31/01/2004	6 Mths Ended 31/01/2005	6 Mths Ended 31/01/2004
Earnings per ordinary share	1.13 cents	1.13 cents	2.61 cents	2.64 cents
Diluted earnings per ordinary share	1.13 cents	1.12 cents	2.61 cents	2.60 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>	31/01/2005	31/07/2004
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	48.60 cents	49.41cents
<b>Company</b>		
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	47.77 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**

Revenue, cost of sales and profit attributable to shareholders increased slightly in the first half year under review ("1H FY05") compared to the corresponding period of the previous financial year ("1H FY04").

Revenue for the Contract Manufacturing Division increased by 4.5% to S\$429.3 million in 1H FY05 compared to 1H FY04 due to strong demand of consumer products.

Revenue for the Precision Engineering Division decreased by 12.9% to S\$52.8 million in 1H FY05 compared to 1H FY04. The decrease was mainly due to lower orders from a major customer in Q1 FY05. However, revenue in Q2 FY05 was higher by 6.2% compared to Q1 FY05.

Gross profit increased by 1.3% to S\$29.0 million in 1H FY05 compared with S\$28.6 million in 1H FY04. Gross profit as a percentage of sales revenue of 6.0% in 1H FY05 remained comparable to 1H FY04.

Selling, General and Administrative expenses of S\$15.1 million in 1H FY05 remained comparable to 1H FY04.

Finance costs decreased by 36.9% to S\$0.6 million in 1H FY05 compared to 1H FY04 mainly due to lower interest costs on refinancing of bank loans.

Taxation was higher at S\$1.7 million in 1H FY05 largely due to tax expenses of S\$0.4 million incurred by a foreign subsidiary due to certain expenses in prior years that the tax authorities has now determined to be non-tax deductible.

Overall the Group registered a slight increase of 1.2% to S\$12.2 million in profit attributable to shareholders in 1H FY05 compared to 1H FY04.

Basic earnings per share ("EPS") in 1H FY05 decreased to 2.61 cents from 2.64 cents in 1H FY04 largely due to the higher number of outstanding shares arising from shares issued from exercise of employees' share options.

**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**

Our three campus-style facilities in Malaysia and China are on schedule to be completed and operational in 2005. We envisage these three campuses to achieve higher productivity and cost efficiencies and enable the Group to establish closer strategic partnerships with existing and new customers.

While the Group continues to see strong demand for consumer products from its customers; prices of raw materials and components remains high although they appear to have stabilized. As such, the Group expects to continue to face cost challenges and will focus on cost improvements.

**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  
11/03/2005