

# BEYONICS TECHNOLOGY LIMITED

## First Quarter Financial Statements for the Period Ended 31/10/2005

### 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 31/10/2005 S\$'000	Group 3 Months Ended 31/10/2004 S\$'000 (restated)	Change %
<b>Revenue</b>	<b>315,563</b>	<b>256,741</b>	<b>22.9</b>
Cost of sales	(299,348)	(240,870)	24.3
<b>Gross profit</b>	<b>16,215</b>	<b>15,871</b>	<b>2.2</b>
Other Income	228	153	49.0
	<b>16,443</b>	<b>16,024</b>	<b>2.6</b>
General and administrative costs	(7,167)	(7,713)	(7.1)
Selling and marketing expenses	(358)	(486)	(26.3)
<b>Profit from operating activities</b>	<b>8,918</b>	<b>7,825</b>	<b>14.0</b>
Finance costs	(287)	(254)	13.0
<b>Profit before taxation and minority interests</b>	<b>8,631</b>	<b>7,571</b>	<b>14.0</b>
Taxation	(677)	(686)	(1.3)
<b>Profit after taxation</b>	<b>7,954</b>	<b>6,885</b>	<b>15.5</b>
<b>Profit attributable to:</b>			
Members of the Company	7,900	6,721	17.5
Minority interests	54	164	(67.1)
	<b>7,954</b>	<b>6,885</b>	<b>15.5</b>

**Note:** Figures for prior period have been restated to reflect the adoption of the revised accounting standards (see Section 4).

Additional information for the income statement

	3 Months Ended 31/10/2005 S\$'000	3 Months Ended 31/10/2004 S\$'000
Depreciation	(5,529)	(5,967)
Interest on borrowings	(287)	(254)
Foreign exchange gain / (loss)	150	(844)
Provision for doubtful debts	0	(92)
Gain from disposal of fixed assets and leasehold building	251	150
Cost of share-based payment	(321)	(197)
Interest income	132	30

**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 31/10/2005 S\$'000</b>	<b>Group 31/07/2005 S\$'000 (restated)</b>	<b>Company 31/10/2005 S\$'000</b>	<b>Company 31/07/2005 S\$'000 (restated)</b>
<b>Non-Current Assets</b>				
Fixed Assets	188,806	179,505	-	-
Subsidiary companies	-	-	145,902	142,780
Long-term investments	611	703	-	-
Investment properties	4,461	4,423	-	-
Intangible assets	19,217	19,217	-	-
	<b>213,095</b>	<b>203,848</b>	<b>145,902</b>	<b>142,780</b>
<b>Current Assets</b>				
Stocks	66,908	67,046	-	-
Trade debtors	124,101	112,761	-	-
Other debtors	18,408	18,265	3,888	1,057
Amount due from subsidiary companies	-	-	107,067	107,565
Short-term investments	212	197	212	197
Fixed deposits	372	14,450	34	14,062
Cash and bank balances	77,900	71,888	7,717	2,936
	<b>287,901</b>	<b>284,607</b>	<b>118,918</b>	<b>125,817</b>
<b>Current Liabilities</b>				
Trade creditors	143,616	140,944	-	-
Other creditors and accruals	26,382	27,285	727	749
Hire purchase creditors	261	472	-	-
Provision for taxation	2,501	2,522	17	17
Bank borrowings	40,284	40,988	10,000	14,200
	<b>213,044</b>	<b>212,211</b>	<b>10,744</b>	<b>14,966</b>
<b>Net Current Assets</b>	<b>74,857</b>	<b>72,396</b>	<b>108,174</b>	<b>110,851</b>
<b>Non-Current Liabilities</b>				
Hire purchase creditors	190	196	-	-
Deferred taxation	3,291	3,050	-	-
	<b>3,481</b>	<b>3,246</b>	-	-
<b>Net Assets</b>	<b>284,471</b>	<b>272,998</b>	<b>254,076</b>	<b>253,631</b>
<b>Capital and Reserves</b>				
Share capital	131,984	131,584	131,984	131,584
Share premium	118,888	118,740	118,888	118,740
Capital reserves	7,328	7,369	-	-
Merger reserve	-	-	25,036	25,036
Employee share option reserve	1,749	1,428	1,749	1,428
Retained earnings / (Accumulated losses)	36,939	29,039	(23,581)	(23,157)
Foreign currency translation reserve	(18,011)	(20,714)	-	-
	<b>278,877</b>	<b>267,446</b>	<b>254,076</b>	<b>253,631</b>
Minority interests	5,594	5,552	-	-
<b>Total Equity</b>	<b>284,471</b>	<b>272,998</b>	<b>254,076</b>	<b>253,631</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 31/10/2005</b>		<b>As at 31/07/2005</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$'000 261	S\$'000 40,284	S\$'000 472	S\$'000 40,988

**Amount repayable after one year**

<b>As at 31/10/2005</b>		<b>As at 31/07/2005</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
S\$'000 190	S\$'000 -	S\$'000 196	S\$'000 -

**Details of any collateral**

As at 31 October 2005, the Group's 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 31/10/2005 S\$'000	Group 3 Months Ended 31/10/2004 S\$'000 (restated)
<b>Cash flow from operating activities:-</b>		
Profit before taxation and minority interests	8,631	7,571
Adjustments for:		
Depreciation of fixed assets	5,529	5,967
Write back of provision for impairment in investments	(15)	(23)
Gain on sale of fixed assets	(251)	(150)
Cost of share-based payment	321	197
Interest expense	287	254
Interest income	(132)	(30)
Currency re-alignment	1,402	(3,226)
<b>Operating profit before working capital changes</b>	<b>15,772</b>	<b>10,560</b>
Decrease in stocks	138	4,380
Increase in trade debtors	(11,340)	(26,394)
Increase in other debtors	(143)	(967)
Increase in trade creditors	2,672	15,866
(Decrease)/increase in other creditors and accruals	(903)	1,251
<b>Cash generated from operations</b>	<b>6,196</b>	<b>4,696</b>
Interest paid	(287)	(254)
Interest income	132	30
Taxation paid	(457)	(1,347)
<b>Net cash provided from operating activities</b>	<b>5,584</b>	<b>3,125</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(14,200)	(5,190)
Proceeds from sale of fixed assets	831	271
Proceeds from sale of investment	92	-
<b>Net cash used in investing activities</b>	<b>(13,277)</b>	<b>(4,919)</b>
<b>Cash flows from financing activities:-</b>		
Payment of hire purchase obligations	(217)	(548)
Repayment of bank borrowings	(704)	(461)
Proceeds from the exercise of share options	548	3,684
<b>Net cash used in financing activities</b>	<b>(373)</b>	<b>2,675</b>
Net (decrease)/increase in cash and cash equivalents	(8,066)	881
Cash and cash equivalents at beginning of period	86,338	57,428
<b>Cash and cash equivalents at end of the period</b>	<b>78,272</b>	<b>58,309</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	372	632
Cash and bank balances	77,900	57,677
	<b>78,272</b>	<b>58,309</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 31/10/2005 S\$'000</b>	<b>Group 3 Mths to 31/10/2004 S\$'000 (restated)</b>	<b>Company 3 Mths to 31/10/2005 S\$'000</b>	<b>Company 3 Mths to 31/10/2004 S\$'000 (restated)</b>
<b>Share Capital</b>				
Balance as at 1 August	131,584	115,026	131,584	115,026
Issuance of ordinary shares during the period	400	2,408	400	2,408
<b>Balance as at 31 October</b>	<b>131,984</b>	<b>117,434</b>	<b>131,984</b>	<b>117,434</b>
<b>Share premium</b>				
Balance as at 1 August	118,740	114,294	118,740	114,294
Premium from issue of ordinary shares upon exercise of share options	148	1,276	148	1,276
<b>Balance as at 31 October</b>	<b>118,888</b>	<b>115,570</b>	<b>118,888</b>	<b>115,570</b>
<b>Capital reserves</b>				
<b>Balance as at 1 August</b>	<b>7,369</b>	<b>7,369</b>	-	-
Reversal upon disposal of leasehold property	(41)	-	-	-
<b>Balance as at 31 October</b>	<b>7,328</b>	<b>7,369</b>	-	-
<b>Merger reserves</b>				
<b>Balance at beginning and end of period</b>	-	-	<b>25,036</b>	<b>25,036</b>
<b>Employee share option reserve</b>				
Balance as at 1 August – as previously stated	-	-	-	-
Effect of adopting FRS 102	1,428	404	1,428	404
Balance as at 1 August (restated)	1,428	404	1,428	404
Cost of share-based payment	321	197	321	197
<b>Balance as at 31 October</b>	<b>1,749</b>	<b>601</b>	<b>1,749</b>	<b>601</b>
<b>Accumulated profits/(losses)</b>				
Balance as at 1 August – as previously stated	30,467	7,478	(21,729)	(27,713)
Effect of adopting FRS 102	(1,428)	(404)	(1,428)	(404)
Balance as at 1 August (restated)	29,039	7,074	(23,157)	(28,117)
Profit / (loss) for the period	7,900	6,721	(424)	(896)
<b>Balance as at 31 October</b>	<b>36,939</b>	<b>13,795</b>	<b>(23,581)</b>	<b>(29,013)</b>
<b>Foreign currency translation reserve</b>				
Balance as at 1 August	(20,714)	(16,807)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	1,494	(4,264)	-	-
long term intercompany loan	1,209	(2,359)	-	-
<b>Balance as at 31 October</b>	<b>(18,011)</b>	<b>(23,430)</b>	-	-

	Group 3 Mths to 31/10/2005 S\$'000	Group 3 Mths to 31/10/2004 S\$'000 (restated)	Company 3 Mths to 31/10/2005 S\$'000	Company 3 Mths to 31/10/2004 S\$'000 (restated)
<b>Minority Interest</b>				
Balance as at 1 August	5,552	5,568	-	-
Net profit for the period	54	164	-	-
Foreign currency translation adjustment	(12)	(8)	-	-
<b>Balance as at 31 October</b>	<b>5,594</b>	<b>5,724</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>284,471</b>	<b>237,063</b>	<b>254,076</b>	<b>229,628</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 first quarter ended 31 October 2005, the Company issued 1,601,801 ordinary shares of S\$0.25 each upon the exercise of options granted under the Beyonics Share Option Scheme 2000.

As at 31 October 2005, there were unexercised options for 38,023,953 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 the following Financial Reporting Standards ("FRS") with effect from 1 August 2005, 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 2005 have been applied:-

FRS 1 – Presentation of Financial Statements  
FRS 39 – Financial Instruments: Recognition and Measurement  
FRS 102 – Share-based Payment

The financial effects of adopting these FRSs are as follows:

## FRS 1 – Presentation of Financial Statements

The revised FRS 1 requires the revision in the presentation of the Income & Expenditure Statement of the Group to include the profit or loss for the period and the allocation of this amount between that attributable to Members of the Company and that attributable to minority interest.

Similarly, the presentation of the Statement in Equity is also revised to show separately the movements of income and expenditure for the period, showing separately the amounts attributable to Members of the Company and to minority interest.

## FRS 39 – Financial Instruments: Recognition and Measurement

The adoption of FRS 39 has resulted in change in the accounting policy on the recognition and measurement of the Group's financial assets and liabilities. Under the revised accounting policy, financial assets and liabilities are initially recognized at costs, and subsequently measured in the balance sheet at costs, amortised costs or fair values depending on the classifications of these financial instruments.

In accordance with the transitional provision of the adopting standard, FRS 39 is applied prospectively and the comparative figures for FY2005 are not restated.

There is no material impact on the current period's financials as a result of the adoption of this reporting standard.

## FRS 102 – Share-based Payment

The adoption of FRS 102 requires the Group and the company to recognize share-based payments as expenses, measured at the fair value of the equity instruments issued, or the goods or services received, determined at the date of grant, or receipt of goods or service.

Prior year comparatives have been amended in accordance with the transitional provision in FRS 102.

The effects of adopting FRS 102 Share-based payment are as follows:

1. The opening accumulated profits/(losses) of the Group/Company have been restated as shown in Section 1(d)(i) Changes in Equity.
2. The creation of an Employee Share Option Reserve account as shown in Section 1(d)(i) Changes in Equity.
3. Net profit of the Group and the Company for three months ended 31 October 2004 and 31 October 2005 decreased by S\$197,000 and S\$321,000 respectively.

**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**

See Section 4 above.

**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 31/10/2005	3 Mths Ended 31/10/2004 (restated)
Earnings per ordinary share	1.50 cents	1.44 cents
Diluted earnings per ordinary share	1.50 cents	1.44 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>	31/10/2005	31/07/2005
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	52.82 cents	50.81 cents

**Company**

Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	48.13 cents	48.19 cents
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**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 in the first quarter under review ("Q1 FY06") compared to the corresponding quarter of the previous financial year ("Q1 FY05").

Revenue for the Electronic Manufacturing Services ("EMS") increased by 24.7% to S\$288.1 million in Q1 FY06 compared to Q1 FY05 due to higher orders of consumer electronics products.

Revenue for the Precision Engineering Services ("PES") also increased by 7.1% to S\$27.5 million in Q1 FY06 compared to Q1 FY05. The increase was mainly due to the growth in the hard disk drive industry.

Gross profit increased by 2.2% to S\$16.2 million in Q1 FY06 compared with S\$15.9 million in Q1 FY05 in line with higher revenue. However, gross profit margin as a percentage of revenue for Q1 FY06 was lower compared to Q1 FY05 due to a higher consumer electronics products mix which generally has lower contribution margins.

Selling, General and Administrative expenses decreased by 8.2% to S\$7.5 million in Q1 FY06 compared to S\$8.2 million in Q1 FY05 mainly due to favourable foreign exchange rates.

Overall, the Group achieved an increase of 17.5% to S\$7.9 million in profit attributable to shareholders in Q1 FY06 compared to Q1 FY05.

Basic earnings per share ("EPS") in Q1 FY06 increased to 1.50 cents from 1.44 cents in Q1 FY05.

The group maintained a strong balance sheet as at 31 October 2005. Net fixed assets increased by S\$9.3 million mainly due to the purchase of machineries and equipment and the construction of the campus in Suzhou, China.

The increases in trade debtors and trade creditors were in line with the increase in sales in Q1 FY06. Cash and bank balances including fixed deposits decreased by S\$8.1 million mainly due to payments for machineries and equipment and the construction of the Suzhou campus.

**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**

In recent years, the proliferation of digital media in the consumer electronics market is presenting big opportunities for the hard disk drive industry. The demand for greater digital storage capacity in consumer electronics products is driving increasing demand for hard disk drives. Hard disk drives can now be found in electronics products like video game consoles, portable audio players and personal video recorders. Investment in the new PES campus in Changshu, China, new machineries in the PES campus in Tampoi, Malaysia, and a new PES factory in Ayutthaya, Thailand will provide us with increased capacity to meet the expected growth in the hard disk drive industry.

In addition, we expect to provide increasing EMS to the consumer electronics market. Our new EMS campuses in Kulai, Malaysia and Suzhou, China will provide greater capacity and better cost efficiencies.

**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  
09/12/2005