

BEYONICS TECHNOLOGY LIMITED

Second Quarter Financial Statements for the Period Ended 31/01/2006

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 31/01/2006 S\$'000	Group 3 Months Ended 31/01/2005 S\$'000 (Restated)	Change %	Group 6 Months Ended 31/01/2006 S\$'000	Group 6 Months Ended 31/01/2005 S\$'000 (Restated)	Change %
Revenue	226,899	225,335	0.7	542,462	482,076	12.5
Cost of sales	(214,093)	(212,208)	0.9	(513,441)	(453,078)	13.3
Gross profit	12,806	13,127	(2.4)	29,021	28,998	0.1
Other Income	278	370	(24.9)	506	523	(3.3)
	13,084	13,497	(3.1)	29,527	29,521	0
General and administrative costs	(6,650)	(6,772)	(1.8)	(13,817)	(14,485)	(4.6)
Selling and marketing expenses	(409)	(544)	(24.8)	(767)	(1,030)	(25.5)
Profit from operating activities	6,025	6,181	(2.5)	14,943	14,006	6.7
Finance costs	(262)	(301)	(13.0)	(549)	(555)	(1.1)
Profit before taxation and minority interests	5,763	5,880	(2.0)	14,394	13,451	7.0
Taxation	(477)	(1,027)	(53.6)	(1,154)	(1,713)	(32.6)
Profit after taxation	5,286	4,853	8.9	13,240	11,738	12.8
Profit attributable to:						
Members of the Company	5,368	5,054	6.2	13,268	11,775	12.7
Minority interests	(82)	(201)	(59.2)	(28)	(37)	(24.3)
	5,286	4,853	8.9	13,240	11,738	12.8

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 31/01/2006 S\$'000	3 Months Ended 31/01/2005 S\$'000	6 Months Ended 31/01/2006 S\$'000	6 Months Ended 31/01/2005 S\$'000
Depreciation and amortisation	(5,412)	(5,257)	(10,941)	(11,224)
Interest on borrowings	(262)	(301)	(549)	(555)
Foreign exchange loss	(1,307)	(210)	(1,157)	(1,054)
Gain/(loss) from disposal of fixed assets	396	(259)	647	(109)
Cost of share-based payment	(252)	(244)	(573)	(441)
Interest income	159	37	292	66
Provision for doubtful debts written back/(provision for doubtful debts)	-	76	-	(16)
Provision for stock obsolescence	(184)	(85)	(184)	(85)

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 31/01/2006 S\$'000	Group 31/07/2005 S\$'000 (Restated)	Company 31/01/2006 S\$'000	Company 31/07/2005 S\$'000 (Restated)
Non-Current Assets				
Fixed Assets	200,429	179,505	-	-
Subsidiary companies	-	-	134,529	142,780
Long-term investments	600	703	-	-
Investment properties	4,310	4,423	-	-
Intangible assets	19,217	19,217	-	-
	224,556	203,848	134,529	142,780
Current Assets				
Stocks	63,759	67,046	-	-
Trade debtors	111,972	112,761	-	-
Other debtors	20,187	18,265	4,081	1,057
Amount due from subsidiary companies	-	-	115,924	107,565
Short-term investments	263	197	263	197
Fixed deposits	368	14,450	34	14,062
Cash and bank balances	52,841	71,888	1,553	2,936
	249,390	284,607	121,855	125,817
Current Liabilities				
Trade creditors	132,534	140,944	-	-
Other creditors and accruals	23,538	27,285	623	749
Hire purchase creditors	278	472	-	-
Provision for taxation	2,591	2,522	56	17
Bank borrowings	40,152	40,988	13,000	14,200
	199,093	212,211	13,679	14,966
Net Current Assets	50,297	72,396	108,176	110,851
Non-Current Liabilities				
Hire purchase creditors	-	196	-	-
Deferred taxation	3,148	3,050	-	-
	3,148	3,246	-	-
Net Assets	271,705	272,998	242,705	253,631
Capital and Reserves				
Share capital	250,872	131,584	250,872	131,584
Share premium	-	118,740	-	118,740
Capital reserves	7,328	7,369	-	-
Merger reserve	-	-	25,036	25,036
Employee share option reserve	2,001	1,428	2,001	1,428
Retained earnings / (Accumulated losses)	31,748	29,039	(35,204)	(23,157)
Foreign currency translation reserve	(25,755)	(20,714)	-	-
	266,194	267,446	242,705	253,631
Minority interests	5,511	5,552	-	-
Total Equity	271,705	272,998	242,705	253,631

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

As at 31/01/2006		As at 31/07/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
278	40,152	472	40,988

Amount repayable after one year

As at 31/01/2006		As at 31/07/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	196	-

Details of any collateral

As at 31 January 2006, 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 31/01/2006 S\$'000	Group 3 Months Ended 31/01/2005 S\$'000 (Restated)
Cash flow from operating activities:-		
Profit before taxation and minority interests	5,763	5,880
Adjustments for:		
Depreciation of fixed assets	5,412	5,257
Write back of provision for impairment in investments	(51)	(24)
(Gain)/loss on sale of fixed assets	(396)	259
Cost of share-based payment	252	244
Interest expense	262	301
Interest income	(159)	(37)
Currency re-alignment	(1,492)	(1,057)
Operating profit before working capital changes	9,591	10,823
Decrease/(increase) in stocks	3,149	(5,980)
Decrease in trade debtors	12,129	14,736
(Increase)/decrease in other debtors	(1,779)	1,857
(Decrease)/Increase in trade creditors	(11,082)	1,369
Decrease in other creditors and accruals	(2,845)	(4,206)
Cash generated from operations	9,163	18,599
Interest paid	(262)	(301)
Interest income	159	37
Taxation paid	(531)	(615)
Net cash provided from operating activities	8,529	17,720
Cash flows from investing activities:-		
Purchase of fixed assets	(24,326)	(9,688)
Proceeds from sale of fixed assets	1,598	607
Net cash used in investing activities	(22,728)	(9,081)
Cash flows from financing activities:-		
Payment of hire purchase obligations	(173)	(488)
Repayment of bank borrowings	(132)	(919)
Proceeds from the exercise of share options	-	115
Payment of dividend	(10,559)	(4,697)
Net cash used in financing activities	(10,864)	(5,989)
Net (decrease)/increase in cash and cash equivalents	(25,063)	2,650
Cash and cash equivalents at beginning of period	78,272	58,309
Cash and cash equivalents at end of the period	53,209	60,959
Cash and cash equivalents comprise the following balance sheet amounts :-		
Fixed Deposits	368	629
Cash and bank balances	52,841	60,330
	53,209	60,959

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 3 Mths to 31/01/2006 S\$'000	Group 3 Mths to 31/01/2005 S\$'000 (Restated)	Company 3 Mths to 31/01/2006 S\$'000	Company 3 Mths to 31/01/2005 S\$'000 (Restated)
Share Capital				
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
Balance as at 31 October	131,984	117,434	131,984	117,434
Transfer from Share Premium account	118,888	-	118,888	-
Issuance of ordinary shares during the period	-	75	-	75
Balance as at 31 January	250,872	117,509	250,872	117,509
Share premium				
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
Balance as at 31 October	118,888	115,570	118,888	115,570
Transfer to Share Capital Account	(118,888)	-	(118,888)	-
Premium from issue of ordinary shares upon exercise of share options	-	40	-	40
Balance as at 31 January	-	115,610	-	115,610
Capital reserves				
Balance as at 1 August	7,369	7,369	-	-
Reversal upon disposal of leasehold property	(41)	-	-	-
Balance as at 31 October and 31 January	7,328	7,369	-	-
Merger reserves				
Balance at beginning and end of period	-	-	25,036	25,036
Employee share option reserve				
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
Balance as at 31 October	1,749	601	1,749	601
Cost of share-based payment	252	244	252	244
Balance as at 31 January	2,001	845	2,001	845
Accumulated profits/(losses)				
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)
Balance as at 31 October	36,939	13,795	(23,581)	(29,013)
Payment of dividend	(10,559)	(4,697)	(10,559)	(4,697)
Profit / (loss) for the period	5,368	5,054	(1,064)	(774)
Balance as at 31 January	31,748	14,152	(35,204)	(34,484)

	Group 3 Mths to 31/01/2006 S\$'000	Group 3 Mths to 31/10/2005 S\$'000 (Restated)	Company 3 Mths to 31/01/2006 S\$'000	Company 3 Mths to 31/10/2005 S\$'000 (Restated)
Foreign currency translation reserve				
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)	-	-
Balance as at 31 October	(18,011)	(23,430)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(3,986)	(2,886)	-	-
long term intercompany loan	(3,758)	(730)	-	-
Balance as at 31 January	(25,755)	(27,046)	-	-
Minority Interest				
Balance as at 1 August	5,552	5,568	-	-
Net profit for the period	54	164	-	-
Foreign currency translation adjustment	(12)	(8)	-	-
Balance as at 31 October	5,594	5,724	-	-
Net profit for the period	(82)	(201)	-	-
Foreign currency translation adjustment	(1)	76	-	-
Balance as at 31 January	5,511	5,599	-	-
Total	271,705	234,038	242,705	224,516

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

The Company did not issue any ordinary share during the second quarter ended 31 January 2006. As at 31 January 2006, there were unexercised options for 37,768,872 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 six months ended 31 January 2005 and 31 January 2006 decreased by S\$441,000 and S\$573,000 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 31/01/2006	3 Mths Ended 31/01/2005 (Restated)	6 Mths Ended 31/01/2006	6 Mths Ended 31/01/2005 (Restated)
Earnings per ordinary share	1.02 cents	1.08 cents	2.52 cents	2.51 cents
Diluted earnings per ordinary share	1.01 cents	1.08 cents	2.49 cents	2.51 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

Group	31/01/2006	31/07/2005 (Restated)
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	50.42 cents	50.81 cents
Company		
Net assets value per ordinary share (based on par value of S\$0.25 per ordinary share)	45.97 cents	48.19 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 in the first half year under review ("1H FY06") compared to the corresponding period of the previous financial year ("1H FY05").

Revenue for the Electronic Manufacturing Services ("EMS") increased by 13.4% to S\$486.7 million in 1H FY06 compared to 1H FY05 due to higher sales of consumer electronics products.

Revenue for the Precision Engineering Services ("PES") increased by 5.6% to S\$55.8 million in 1H FY06 compared to 1H FY05 mainly due to a robust hard disk drive industry.

Gross profit remained at S\$29.0 million for 1H FY06 as compared to 1H FY05. Gross profit as a percentage of sales revenue for 1H FY06 was lower compared to 1H FY05 due to higher consumer electronics products mix which generally has lower contribution margins coupled with a general increase in the price of key raw materials for the manufacture of base plates for the hard disks.

Selling, General and Administrative expenses decreased by 6.0% to S\$14.6 million in 1H FY06 mainly due to offsetting gain from disposal of fixed assets.

Overall the Group achieved an increase of 12.7% to S\$13.3 million in profit attributable to shareholders in 1H FY6 compared to 1H FY05.

Basic earnings per share ("EPS") in 1H FY06 increased to 2.52 cents from 2.51 cents in 1H FY05.

Net fixed assets increased by S\$20.9 million mainly due to the purchase of machineries and equipment and the new EMS campus in Suzhou, China.

Cash and bank balances including fixed deposits decreased by S\$33 million mainly due to the payment of dividends and the purchase of fixed assets.

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

We expect healthy growth in the hard disk drive ("HDD") industry due to the continued proliferation of digital media in the consumer electronics ("CE") market and the demand for greater digital storage capacity. Our new PES facilities in Changshu, China and Ayutthaya, Thailand coupled with increased capacity in our Tampoi facility in Malaysia will enable us to meet this expected growth. Although we may see lower profit margins for our PES mainly due to the recent increase in raw materials prices, we will continue to focus on higher productivity and cost efficiencies to minimize the impact of such price increases.

Our new EMS campus in Suzhou, China will become operational by the end of Q3 FY 2006. We expect this campus to provide greater capacity and wider geographical coverage in serving our customers.

We derive our revenue largely by providing PES and EMS to Original Equipment Manufacturers in the HDD and CE sectors. Demand in both sectors appears healthy. While we have positioned ourselves to meet the expected growth, these sectors are intensively competitive and face constant price pressure. In addition, price increases or shortages of raw materials or adverse exchange rates may have an impact on our business performance.

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
10/03/2006