

# BEYONICS TECHNOLOGY LIMITED

## Third Quarter Financial Statements for the Period Ended 30/04/2006

### 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 30/04/2006 S\$'000	Group 3 Months Ended 30/04/2005 S\$'000 (Restated)	Change %	Group 9 Months Ended 30/04/2006 S\$'000	Group 9 Months Ended 30/04/2005 S\$'000 (Restated)	Change %
Revenue	245,735	259,376	(5.3)	788,197	741,452	6.3
Cost of sales	(231,753)	(244,048)	(5.0)	(745,194)	(697,126)	6.9
<b>Gross profit</b>	<b>13,982</b>	<b>15,328</b>	(8.8)	<b>43,003</b>	<b>44,326</b>	(3.0)
Other Income	183	147	24.5	689	670	2.8
	<b>14,165</b>	<b>15,475</b>	(8.5)	<b>43,692</b>	<b>44,996</b>	(2.9)
General and administrative costs	(7,135)	(6,989)	2.1	(20,952)	(21,474)	(2.4)
Selling and marketing expenses	(333)	(567)	(41.3)	(1,100)	(1,597)	(31.1)
<b>Profit from operating activities</b>	<b>6,697</b>	<b>7,919</b>	(15.4)	<b>21,640</b>	<b>21,925</b>	(1.3)
Finance costs	(408)	(296)	37.8	(957)	(851)	12.5
<b>Profit before taxation and minority interests</b>	<b>6,289</b>	<b>7,623</b>	(17.5)	<b>20,683</b>	<b>21,074</b>	(1.9)
Taxation	(281)	(607)	(53.7)	(1,435)	(2,320)	(38.1)
<b>Profit after taxation</b>	<b>6,008</b>	<b>7,016</b>	(14.4)	<b>19,248</b>	<b>18,754</b>	2.6
<b>Profit attributable to:</b>						
Members of the Company	6,150	7,122	(13.6)	19,418	18,897	2.8
Minority interests	(142)	(106)	34.0	(170)	(143)	18.9
	<b>6,008</b>	<b>7,016</b>	(14.4)	<b>19,248</b>	<b>18,754</b>	2.6

**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 30/04/2006 S\$'000	3 Months Ended 30/04/2005 S\$'000	9 Months Ended 30/04/2006 S\$'000	9 Months Ended 30/04/2005 S\$'000
Depreciation	(5,929)	(5,441)	(16,870)	(16,665)
Interest on borrowings	(408)	(296)	(957)	(851)
Foreign exchange loss	(1,137)	(112)	(2,294)	(1,166)
Gain/(loss) from disposal of fixed assets	450	26	1,097	(83)
Cost of share-based payment	(218)	(244)	(791)	(685)
Interest income	123	37	414	103
Provision for doubtful debts written back	-	135	-	119
Provision/(write back of provision) for stock obsolescence	(58)	172	(242)	87

**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 30/04/2006 S\$'000</b>	<b>Group 31/07/2005 S\$'000 (Restated)</b>	<b>Company 30/04/2006 S\$'000</b>	<b>Company 31/07/2005 S\$'000 (Restated)</b>
<b>Non-Current Assets</b>				
Fixed Assets	207,340	179,505	-	-
Subsidiary companies	-	-	145,575	142,780
Long-term investments	594	703	-	-
Investment properties	4,350	4,423	-	-
Intangible assets	19,217	19,217		-
	<b>231,501</b>	<b>203,848</b>	<b>145,575</b>	<b>142,780</b>
<b>Current Assets</b>				
Stocks	63,231	67,046	-	-
Trade debtors	113,885	112,761	-	-
Other debtors	22,278	18,265	4,300	1,057
Amount due from subsidiary companies	-	-	100,545	107,565
Short-term investments	336	197	336	197
Fixed deposits	374	14,450	37	14,062
Cash and bank balances	57,654	71,888	401	2,936
	<b>257,758</b>	<b>284,607</b>	<b>105,619</b>	<b>125,817</b>
<b>Current Liabilities</b>				
Trade creditors	130,986	140,944	-	-
Other creditors and accruals	25,264	27,285	658	749
Hire purchase creditors	94	472	-	-
Provision for taxation	2,794	2,522	144	17
Bank borrowings	48,640	40,988	8,000	14,200
	<b>207,778</b>	<b>212,211</b>	<b>8,802</b>	<b>14,966</b>
<b>Net Current Assets</b>	<b>49,980</b>	<b>72,396</b>	<b>96,817</b>	<b>110,851</b>
<b>Non-Current Liabilities</b>				
Hire purchase creditors	-	196	-	-
Deferred taxation	2,896	3,050	-	-
	<b>2,896</b>	<b>3,246</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>278,585</b>	<b>272,998</b>	<b>242,392</b>	<b>253,631</b>
<b>Capital and Reserves</b>				
Share capital	250,883	131,584	250,883	131,584
Share premium	-	118,740	-	118,740
Capital reserves	7,328	7,369	-	-
Merger reserve	-	-	25,036	25,036
Employee share option reserve	2,219	1,428	2,219	1,428
Retained earnings / (Accumulated losses)	37,898	29,039	(35,746)	(23,157)
Foreign currency translation reserve	(25,113)	(20,714)	-	-
	<b>273,215</b>	<b>267,446</b>	<b>242,392</b>	<b>253,631</b>
Minority interests	5,370	5,552	-	-
<b>Total Equity</b>	<b>278,585</b>	<b>272,998</b>	<b>242,392</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**

As at 30/04/2006		As at 31/07/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
94	48,640	472	40,988

**Amount repayable after one year**

As 30/04/2006		As at 31/07/2005	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	196	-

**Details of any collateral**

As at 30 April 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 30/04/2006 S\$'000	Group 3 Months Ended 30/04/2005 S\$'000 (Restated)
<b>Cash flow from operating activities:-</b>		
Profit before taxation and minority interests	6,289	7,623
Adjustments for:		
Depreciation of fixed assets	5,929	5,441
Write back of provision for impairment in investments	(73)	(22)
Gain on sale of fixed assets	(450)	(26)
Cost of share-based payment	218	244
Interest expense	408	296
Interest income	(123)	(37)
Currency re-alignment	1,115	1,702
<b>Operating profit before working capital changes</b>	<b>13,313</b>	<b>15,221</b>
Decrease/(Increase) in stocks	528	(9,893)
(Increase)/decrease in trade debtors	(1,913)	6,435
(Increase)/decrease in other debtors	(2,091)	1,964
Decrease in trade creditors	(1,548)	(3,597)
Increase/(decrease) in other creditors and accruals	1,727	(3,257)
<b>Cash generated from operations</b>	<b>10,016</b>	<b>6,873</b>
Interest paid	(408)	(296)
Interest income	123	37
Taxation paid	(330)	(894)
<b>Net cash provided from operating activities</b>	<b>9,401</b>	<b>5,720</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(13,444)	(7,034)
Proceeds from sale of fixed assets	547	26
<b>Net cash used in investing activities</b>	<b>(12,897)</b>	<b>(7,008)</b>
<b>Cash flows from financing activities:-</b>		
Payment of hire purchase obligations	(184)	(325)
Increase in bank borrowings	8,488	2,050
Proceeds from the exercise of share options	11	76
<b>Net cash from financing activities</b>	<b>8,315</b>	<b>1,801</b>
Net increase in cash and cash equivalents	4,819	513
Cash and cash equivalents at beginning of period	53,209	60,959
<b>Cash and cash equivalents at end of the period</b>	<b>58,028</b>	<b>61,472</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	374	632
Cash and bank balances	57,654	60,840
	<b>58,028</b>	<b>61,472</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**

	Group 9 Mths to 30/04/2006 S\$'000	Group 9 Mths to 31/04/2005 S\$'000 (Restated)	Company 9 Mths to 30/04/2006 S\$'000	Company 9 Mths to 30/04/2005 S\$'000 (Restated)
<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>
Transfer from Share Premium account	118,888	-	118,888	-
Issuance of ordinary shares during the period	-	75	-	75
<b>Balance as at 31 January</b>	<b>250,872</b>	<b>117,509</b>	<b>250,872</b>	<b>117,509</b>
Issuance of ordinary shares during the period	11	50	11	50
<b>Balance as at 30 April</b>	<b>250,883</b>	<b>117,559</b>	<b>250,883</b>	<b>117,559</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>
Transfer to Share Capital Account	(118,888)	-	(118,888)	-
Premium from issue of ordinary shares upon exercise of share options	-	40	-	40
<b>Balance as at 31 January</b>	<b>-</b>	<b>115,610</b>	<b>-</b>	<b>115,610</b>
Premium from issue of ordinary shares upon exercise of share options	-	26	-	26
<b>Balance as at 30 April</b>	<b>-</b>	<b>115,636</b>	<b>-</b>	<b>115,636</b>
<b>Capital reserves</b>				
<b>Balance as at 1 August</b>	<b>7,369</b>	<b>7,369</b>	<b>-</b>	<b>-</b>
Reversal upon disposal of leasehold property	(41)	-	-	-
<b>Balance as beginning and end of period</b>	<b>7,328</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>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>
Cost of share-based payment	252	244	252	244
<b>Balance as at 31 January</b>	<b>2,001</b>	<b>845</b>	<b>2,001</b>	<b>845</b>
Cost of share-based payment	218	244	218	244
<b>Balance as at 30 April</b>	<b>2,219</b>	<b>1,089</b>	<b>2,219</b>	<b>1,089</b>

	Group 9 Mths to 30/04/2006 S\$'000	Group 9 Mths to 30/04/2005 S\$'000 (Restated)	Company 9 Mths to 30/04/2006 S\$'000	Company 9 Mths to 30/04/005 S\$'000 (Restated)
<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>
Payment of dividend	(10,559)	(4,697)	(10,559)	(4,697)
Profit /(loss) for the period	5,368	5,054	(1,064)	(774)
<b>Balance as at 31 January</b>	<b>31,748</b>	<b>14,152</b>	<b>(35,204)</b>	<b>(34,484)</b>
Profit /(loss) for the period	6,150	7,122	(542)	(329)
<b>Balance as at 30 April</b>	<b>37,898</b>	<b>21,274</b>	<b>(35,746)</b>	<b>(34,813)</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>	<b>-</b>	<b>-</b>
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)	-	-
<b>Balance as at 31 January</b>	<b>(25,755)</b>	<b>(27,046)</b>	<b>-</b>	<b>-</b>
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	821	1,583	-	-
long term intercompany loan	(179)	148	-	-
<b>Balance as at 30 April</b>	<b>(25,113)</b>	<b>(25,315)</b>	<b>-</b>	<b>-</b>
<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>
Net profit for the period	(82)	(201)	-	-
Foreign currency translation adjustment	(1)	76	-	-
<b>Balance as at 31 January</b>	<b>5,511</b>	<b>5,599</b>	<b>-</b>	<b>-</b>
Net profit for the period	(142)	(106)	-	-
Foreign currency translation adjustment	1	2	-	-
<b>Balance as at 30 April</b>	<b>5,370</b>	<b>5,495</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>278,585</b>	<b>243,107</b>	<b>242,392</b>	<b>224,507</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 2006, the Company issued 33,563 ordinary shares upon exercise of options granted under the Beyonics Share Option Scheme 2000. As at 30 April 2006, there were unexercised options for 36,233,308 of ordinary shares 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 nine months ended 30 April 2005 and 30 April 2006 decreased by S\$685,000 and S\$791,000 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 30/04/2006	3 Mths Ended 30/04/2005 (Restated)	9 Mths Ended 30/04/2006	9 Mths Ended 30/04/2005 (Restated)
Earnings per ordinary share	1.16 cents	1.51 cents	3.68 cents	4.03 cents
Diluted earnings per ordinary share	1.16 cents	1.51 cents	3.66 cents	4.03 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>	30/04/2006	31/07/2005 (Restated)
Net assets value per ordinary share	51.75 cents	50.81 cents
<b>Company</b>		
Net assets value per ordinary share	45.91 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**

Group revenue for the quarter ended 30 April 2006 ("Q3 FY06") decreased by 5.3% to S\$245.7 million as compared to the previous corresponding quarter ("Q3 FY05"). However, year-to-date Group revenue increased by 6.3% to S\$788.2 million as compared to the previous corresponding period.

Revenue for the Electronic Manufacturing Services ("EMS") decreased by 8.7% to S\$212.1 million in Q3 FY06 compared to Q3 FY05 due to lower sales of consumer electronics products. Year-to-date revenue for EMS increased by 5.6% to S\$698.8 million largely attributed to stronger sales in the first half of FY06.

Revenue for the Precision Engineering Services ("PES") increased by 24.4% to S\$33.6 million in Q3 FY06 compared to Q3 FY05 mainly due to a robust hard disk drive industry. Year-to-date revenue for PES increased by 12.0% to S\$89.4 million.

Gross profit for Q3 FY06 decreased by 8.8% to S\$14.0 million as compared to Q3 FY05. Year-to-date gross profit decreased by 3.0% to S\$43.0 million. Gross profit as a percentage of sales revenue for Q3 FY06 was lower compared to Q3 FY05 due to a general increase in the price of raw materials and components.

Selling, General and Administrative expenses for year-to-date decreased by 4.4% to S\$22.0 million mainly due to offsetting gain from disposal of fixed assets.

Year-to-date taxation was lower mainly due to carry forward tax losses and tax incentives in certain subsidiaries.

On a year-to-date basis, the Group achieved an increase of 2.8% to S\$19.4 million in profit attributable to shareholders.

Basic earnings per share ("EPS") in Q3 FY06 decreased to 1.16 cents from 1.51 cents in Q3 FY05. EPS for the nine months period decreased to 3.68 cents.

Net fixed assets increased by S\$27.8 million mainly due to additions of machineries and equipment and the completion of the EMS campus in Suzhou, China.

Cash and bank balances including fixed deposits decreased by S\$28.3 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**

For the PES division, we expect demand for base plates for the hard disk drive ("HDD") industry to remain strong due to healthy growth in this sector. We are confident to meet this strong demand with our new facilities in Changshu, China and Ayutthaya, Thailand.

Demand for our EMS is expected to remain healthy. With the completion of our new EMS campus in Suzhou, China and the consolidation of our Batam plants to a bigger premise, we are able to provide greater capacity and wider geographical coverage to our customers.

While the Group sees healthy demand for our PES and EMS; the performance of the Group may be affected by higher prices and tight supply of raw materials and components, and adverse exchange rates.

**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  
13/06/2006

