

# BEYONICS TECHNOLOGY LIMITED

## First Quarter Financial Statements for the Period Ended 31/10/2006

### 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 31/10/2006 S\$'000	Group 3 Months Ended 31/10/2005 S\$'000	Change %
<b>Revenue</b>	245,557	315,563	(22.2)
Cost of sales	(231,119)	(299,348)	(22.8)
<b>Gross profit</b>	<b>14,438</b>	<b>16,215</b>	<b>(11.0)</b>
Other Income	316	228	38.6
	<b>14,754</b>	<b>16,443</b>	<b>(10.3)</b>
General and administrative expenses	(6,411)	(7,167)	(10.5)
Selling and marketing expenses	(262)	(358)	(26.8)
<b>Profit from operating activities</b>	<b>8,081</b>	<b>8,918</b>	<b>(9.4)</b>
Finance costs	(614)	(287)	113.9
<b>Profit before taxation and minority interests</b>	<b>7,467</b>	<b>8,631</b>	<b>(13.5)</b>
Taxation	(435)	(677)	(35.7)
<b>Profit after taxation</b>	<b>7,032</b>	<b>7,954</b>	<b>(11.6)</b>
<b>Attributable to:</b>			
Equity holders of the Company	<b>6,998</b>	<b>7,900</b>	<b>(11.4)</b>
Minority interests	34	54	(37.0)
	<b>7,032</b>	<b>7,954</b>	<b>(11.6)</b>

Additional information for the income statement

	3 Months Ended 31/10/2006 S\$'000	3 Months Ended 31/10/2005 S\$'000
Depreciation	(6,508)	(5,529)
Interest on borrowings	(614)	(287)
Foreign exchange (loss)/gain	(253)	150
Gain from disposal of fixed assets	321	251
Fixed assets written off	(301)	-
Cost of share-based payment	(142)	(321)
Interest income	180	132
Write back of provision for doubtful debts	225	-
Provision for stock obsolescence	(145)	(153)

**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 31/10/2006 S\$'000	Group 31/07/2006 S\$'000	Company 31/10/2006 S\$'000	Company 31/07/2006 S\$'000
<b>Non-Current Assets</b>				
Fixed Assets	222,149	215,177	-	-
Subsidiary companies	-	-	255,832	255,832
Investment securities	821	826	233	233
Investment properties	4,112	4,290	-	-
Intangible assets	19,217	19,217	-	-
	<b>246,299</b>	<b>239,510</b>	<b>256,065</b>	<b>256,065</b>
<b>Current Assets</b>				
Asset held for sale	2,244	2,244	-	-
Stocks	65,396	67,557	-	-
Trade debtors	113,385	109,036	-	-
Other debtors	17,896	19,894	84	107
Amount due from subsidiary companies	-	-	16,782	11,448
Investment securities	362	284	362	284
Fixed deposits	356	437	36	37
Cash and bank balances	58,201	52,800	232	623
	<b>257,840</b>	<b>252,252</b>	<b>17,496</b>	<b>12,499</b>
<b>Current Liabilities</b>				
Trade creditors	124,959	115,910	-	-
Other creditors and accruals	27,487	33,018	923	994
Finance lease creditors	34	27	-	-
Provision for taxation	1,634	1,402	144	144
Bank borrowings	59,835	56,395	13,500	8,200
	<b>213,949</b>	<b>206,752</b>	<b>14,567</b>	<b>9,338</b>
<b>Net Current Assets</b>	<b>43,891</b>	<b>45,500</b>	<b>2,929</b>	<b>3,161</b>
<b>Non-Current Liabilities</b>				
Finance lease creditors	153	164	-	-
Deferred taxation	2,852	2,863	-	-
	<b>3,005</b>	<b>3,027</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>	<b>287,185</b>	<b>281,983</b>	<b>258,994</b>	<b>259,226</b>
<b>Equity Attributable to Equity Holders of the Company</b>				
Share capital	250,883	250,883	250,883	250,883
Reserves	31,026	25,858	8,111	8,343
	<b>281,909</b>	<b>276,741</b>	<b>258,994</b>	<b>259,226</b>
Minority interests	5,276	5,242	-	-
<b>Total Equity</b>	<b>287,185</b>	<b>281,983</b>	<b>258,994</b>	<b>259,226</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 31/10/2006		As at 31/07/2006	
Secured	Unsecured	Secured	Unsecured
S\$'000 34	S\$'000 59,835	S\$'000 27	S\$'000 56,395

**Amount repayable after one year**

As at 31/10/2006		As at 31/07/2006	
Secured	Unsecured	Secured	Unsecured
S\$'000 153	S\$'000 -	S\$'000 164	S\$'000 -

**Details of any collateral**

As at 31 October 2006, 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 31/10/2005 S\$'000
<b>Cash flow from operating activities:-</b>		
Profit before taxation and minority interests	7,467	8,631
Adjustments for:		
Depreciation of fixed assets	6,508	5,529
Write back of provision for impairment in investments	-	(15)
Cost of share-based payment	142	321
Gain on sale of fixed assets	(321)	(251)
Fixed assets written off	301	-
Interest expense	614	287
Interest income	(180)	(132)
Currency re-alignment	193	1,402
<b>Operating profit before working capital changes</b>	<b>14,724</b>	<b>15,772</b>
Decrease in stocks	2,161	138
Increase in trade debtors	(4,349)	(11,340)
Decrease/(increase) in other debtors	1,998	(143)
Increase in trade creditors	9,049	2,672
Decrease in other creditors and accruals	(5,531)	(903)
<b>Cash flows generated from operations</b>	<b>18,052</b>	<b>6,196</b>
Interest paid	(614)	(287)
Interest income	180	132
Tax paid	(214)	(457)
<b>Net cash generated from operating activities</b>	<b>17,404</b>	<b>5,584</b>
<b>Cash flows from investing activities:-</b>		
Purchase of fixed assets	(15,835)	(14,200)
Proceeds from disposal of fixed assets	315	831
Proceeds from disposal of long term investment	-	92
<b>Net cash used in investing activities</b>	<b>(15,520)</b>	<b>(13,277)</b>
<b>Cash flows from financing activities:-</b>		
Payment of hire purchase obligations	(4)	(217)
Proceeds of bank borrowings	3,440	(704)
Proceeds from the exercise of share options	-	548
<b>Net cash generated from/ (used in) financing activities</b>	<b>3,436</b>	<b>(373)</b>
Net increase/(decrease) in cash and cash equivalents	5,320	(8,066)
Cash and cash equivalents at beginning of period	53,237	86,338
<b>Cash and cash equivalents at end of period</b>	<b>58,557</b>	<b>78,272</b>
<b>Cash and cash equivalents comprise the following balance sheet amounts :-</b>		
Fixed Deposits	356	372
Cash and bank balances	58,201	77,900
	<b>58,557</b>	<b>78,272</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 3 Mths to 31/10/2006 S\$'000	Group 3 Mths to 31/10/2005 S\$'000	Company 3 Mths to 31/10/2006 S\$'000	Company 3 Mths to 31/10/2005 S\$'000
<b>Share Capital</b>				
Balance at 1 August	250,883	131,584	250,883	131,584
Issuance of ordinary shares during the period	-	400	-	400
<b>Balance at 31 October</b>	<b>250,883</b>	<b>131,984</b>	<b>250,883</b>	<b>131,984</b>
<b>Share premium</b>				
Balance at 1 August	-	118,740	-	118,740
Premium from issue of ordinary shares upon exercise of share options	-	148	-	148
<b>Balance at 31 October</b>	<b>-</b>	<b>118,888</b>	<b>-</b>	<b>118,888</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>Employee share option reserve</b>				
Balance at 1 August	2,363	1,428	-	-
Cost of share-based payment	142	321	-	-
<b>Balance at 31 October</b>	<b>2,505</b>	<b>1,749</b>	<b>-</b>	<b>-</b>
<b>Accumulated profits/(losses)</b>				
Balance at 1 August	60,751	44,702	(1,351)	(6,066)
Profit / (loss) for the period	6,998	7,900	(310)	(424)
<b>Balance at 31 October</b>	<b>67,749</b>	<b>52,602</b>	<b>(1,661)</b>	<b>(6,490)</b>
<b>Foreign currency translation reserve</b>				
Balance at 1 August	(29,283)	(20,714)	-	-
Exchange movement arising from translation of:				
share capital, capital reserves and revenue reserve/accumulated losses of subsidiary companies	(1,169)	1,453	-	-
long term intercompany loan	(881)	1,209	-	-
<b>Balance at 31 October</b>	<b>(31,333)</b>	<b>(18,052)</b>	<b>-</b>	<b>-</b>

	Group 3 Mths to 31/10/2006 S\$'000	Group 3 Mths to 31/10/2005 S\$'000	Company 3 Mths to 31/10/2006 S\$'000	Company 3 Mths to 31/10/2005 S\$'000
<b>Fair value adjustment reserve</b>				
Balance at 1 August	(15,342)	(15,352)	(15,342)	(15,352)
Net change in the reserve	78	15	78	15
<b>Balance at 31 October</b>	<b>(15,264)</b>	<b>(15,337)</b>	<b>(15,264)</b>	<b>(15,337)</b>
<b>Minority Interest</b>				
Balance at 1 August	5,242	5,552	-	-
Net profit for the period	34	54	-	-
Foreign currency translation adjustment	-	(12)	-	-
<b>Balance at 31 October</b>	<b>5,276</b>	<b>5,594</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>287,185</b>	<b>284,797</b>	<b>258,994</b>	<b>254,081</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 2006, the Company did not issued any ordinary shares. As at 31 October 2006, there were unexercised options for 34,261,171 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 audited nor reviewed.

**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**

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 2006 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**

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 31/10/2006	3 Mths Ended 31/10/2005
Earnings per ordinary share	1.32 cents	1.50 cents
Diluted earnings per ordinary share	1.32 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 financial period reported on; and**

**(b) immediately preceding financial year**

<b>Group</b>	31/10/2006	31/07/2006
Net assets value per ordinary share	53.39 cents	52.42 cents
<b>Company</b>		
Net assets value per ordinary share	49.05 cents	49.10 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 equity holders of the Company decreased in the first quarter under review ("Q1 FY07") compared to the corresponding quarter of the previous financial year ("Q1 FY06") mainly due to lower revenue from the Electronic Manufacturing Services ("EMS") division and higher depreciation due to the increase in fixed assets.

Revenue from EMS division decreased by 29.2% to S\$204.1 million in Q1 FY07 compared to Q1 FY06 due to the discontinuation of PCBA activities for one of our customers and slow take-off of telecommunication products by another customer.

Revenue from the Precision Engineering Services ("PES") division increased by 51.4% to S\$41.4 million in Q1 FY07 compared to Q1 FY06. The increase was mainly due to the healthy growth in the hard disk drive ("HDD") industry.

Gross profit decreased by 11.0% to S\$14.4 million in Q1 FY07 compared with S\$16.2 million in Q1 FY06 due to lower revenue coupled with higher depreciation and adverse exchange rates. However, gross profit margin for Q1 FY07 was slightly higher compared to Q1 FY06 due to better product mix.

Selling, General and Administrative expenses decreased by 11.3% to S\$6.7 million in Q1 FY07 compared to S\$7.5 million in Q1 FY06 mainly due to continuing efforts to reduce costs.

Finance costs increased by 113.9% mainly due to higher bank borrowings and interest rates.

Overall, the Group's profit attributable to equity holders of the Company in Q1 FY07 decreased by 11.4% to S\$7.0 million as compared to S\$7.9 million in Q1 FY06.

Basic earnings per share ("EPS") in Q1 FY07 decreased to 1.32 cents from 1.50 cents in Q1 FY06 in line with the lower profit.

The Group maintained a strong balance sheet as at 31 October 2006 which is comparable to that as at the end of the previous financial year.

**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 the past few years, we increased our PES and EMS capacities in China, Thailand, Malaysia and Indonesia. We are seeing an increasing number of multinational companies shifting their manufacturing outsourcing requirements to lower cost manufacturing bases in Asia. With our increased capacity and wider geographical coverage, we believe we will be able to grow our customer base as well as increase our range of services.

While we expect both our PES and EMS divisions to perform well in FY07, uncertainty due to recent consolidations of the manufacturing industry and the volatility in raw materials prices and exchange rates may affect our profitability.

**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>

**Confirmation By The Board of Directors**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the above unaudited financial results for Q1 FY07 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

Tay Peng Huat  
Company Secretary  
08/12/2006