

**Financial Statements for the 2Q FY 2006 ended 31 March 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**

These figures have not been audited.

	Group			Group		
	3 months ended 31 March			6 months ended 31 March		
	2006	2005	%	2006	2005	%
	S\$'000	S\$'000	change	S\$'000	S\$'000	change
Sales	101,376	89,494	13%	221,481	207,728	7%
Cost of sales	(82,642)	(75,631)	9%	(177,734)	(172,793)	3%
Gross Profit	18,734	13,863	35%	43,747	34,935	25%
Other operating income	1,152	565	104%	2,024	978	107%
Distribution costs	(2,291)	(1,424)	61%	(5,467)	(3,347)	63%
Administrative expenses	(2,579)	(2,467)	5%	(5,420)	(5,135)	6%
Other operating expenses	(2,506)	149	N/m	(4,158)	(1,360)	206%
Finance costs	(378)	(251)	50%	(764)	(465)	64%
Profit before tax	12,132	10,435	16%	29,962	25,606	17%
Tax	(904)	(2,177)	-58%	(2,942)	(5,953)	-51%
Profit for the period	11,228	8,258	36%	27,020	19,653	37%
Attributable to:						
Equity holders of the Company	9,613	8,105	19%	24,054	19,666	22%
Minority interest	1,615	153	N/m	2,966	(13)	N/m
	11,228	8,258	36%	27,021	19,653	37%

**Additional information for the income statement**

	Group		Group	
	3 months ended 31 March		6 months ended 31 March	
	2006	2005	2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000
Other income including interest income	1,152	714	2,024	978
Interest on borrowings	(378)	(251)	(764)	(465)
Depreciation and amortisation	(2,692)	(2,282)	(5,418)	(4,475)
(Allowance)/Write back of allowance for doubtful debts, net	715	461	(176)	819
(Allowance)/Write back of allowance for stock obsolescence, net	722	(263)	428	(230)
Stocks write-down/write-off	(1,089)	(126)	(1,270)	(403)
Foreign exchange loss	(2,039)	(111)	(2,514)	(1,382)
Adjustment for overprovision of tax in respect of prior years	297	-	297	-
Professional fees incurred for due diligence exercise	(745)	-	(745)	-
Profit/(loss) on sale of property, plant and equipment	14	-	(6)	15

N/m: Not Meaningful

**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		Company	
	S\$'000	S\$'000	S\$'000	S\$'000
	As at 31/03/2006	As at 30/09/2005	As at 31/03/2006	As at 30/09/2005
<b>Current assets</b>				
Cash and cash equivalents	57,600	71,885	1,490	957
Receivables	80,748	93,202	29,801	31,020
Inventories	49,701	38,044	-	-
Other current assets	2,576	3,347	1,288	531
	<b>190,625</b>	206,478	<b>32,579</b>	32,508
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	38,714	37,440
Available for sale financial assets	6,384	2,989	-	-
Property, plant & equipment	83,328	87,313	5	-
	<b>89,712</b>	90,302	<b>38,719</b>	37,440
<b>Total assets</b>	<b>280,337</b>	296,780	<b>71,298</b>	69,948
<b>Current liabilities</b>				
Trade and other payables	73,148	90,727	591	1,154
Current tax	3,081	3,248	-	-
Borrowings	9,351	11,358	-	-
Provisions	1,669	-	-	-
	<b>87,249</b>	105,333	<b>591</b>	1,154
<b>Non-current liabilities</b>				
Borrowings	14,398	15,003	-	-
Deferred tax liabilities	2,361	3,294	-	-
	<b>16,759</b>	18,297	-	-
<b>Total liabilities</b>	<b>104,008</b>	123,630	<b>591</b>	1,154
	<b>176,329</b>	173,150	<b>70,707</b>	68,794
<b>Share capital and reserves</b>				
Share capital and premium	66,583	66,035	66,583	66,035
Foreign currency translation reserve	(2,449)	(935)	-	-
Other reserves	4,801	987	1,457	144
Retained earnings	89,762	91,868	2,667	2,615
Interest of shareholders of the Company	158,697	157,955	70,707	68,794
Minority interest	17,632	15,195	-	-
<b>Total Equity</b>	<b>176,329</b>	173,150	<b>70,707</b>	68,794

As a result of the Companies (Amendment) Act 2005 which came into effect on 30 January 2006, the concept of the authorized share capital and par value has been abolished. The amount standing to the credit of the share premium account has been transferred to the Company's share capital account in the current period.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

	As at 31/03/2006		As at 30/09/2005	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	-	9,351	-	11,358
Amount repayable after one year	-	14,398	-	15,003

### 1(b)(iii) Details of any collateral

As at 31 March 2006, there were no secured borrowings.

### 1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

#### Consolidated Cash Flow Statements

	3 months ended 31 March		6 months ended 31 March	
	2006 S\$'000	2005 S\$'000	2006 S\$'000	2005 S\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	12,132	10,435	29,962	25,606
Adjustments for: -				
Depreciation of fixed assets	2,692	2,282	5,418	4,475
Interest income	(125)	(90)	(281)	(136)
Interest expense	378	251	764	465
Loss/(gain) on sale of property, plant and equipment	(14)	-	6	(15)
Share-based payment expenses	182	85	419	185
Write-off of property, plant and equipment	-	3	-	3
<b>Operating cash flow before working capital changes</b>	<b>15,245</b>	<b>12,966</b>	<b>36,288</b>	<b>30,583</b>
Changes in operating assets and liabilities				
Receivables	37,219	28,356	12,157	19,541
Stock	4,209	7,554	(11,972)	2,911
Other assets	743	(228)	421	(4,850)
Trade and other payables	(35,402)	(22,206)	(16,810)	(24,740)
Provisions	804	(79)	1,576	(79)
Translation adjustment	186	(23)	(75)	698
<b>Cash generated from operations</b>	<b>23,004</b>	<b>26,340</b>	<b>21,585</b>	<b>24,064</b>
Income tax paid	(2,669)	(2,992)	(3,730)	(4,254)
<b>Net cash inflow from operating activities</b>	<b>20,335</b>	<b>23,348</b>	<b>17,855</b>	<b>19,810</b>
<b>Cash flow from investing activities</b>				
Payment for property, plant and equipment	(2,234)	(4,657)	(3,355)	(6,876)
Investment in available for sale assets	-	-	-	(2,989)
Interest received	125	90	281	136
Proceeds from the sale of property, plant and equipment	14	-	19	15
<b>Net cash outflow from investing activities</b>	<b>(2,095)</b>	<b>(4,567)</b>	<b>(3,055)</b>	<b>(9,714)</b>
<b>Cash flow from financing activities</b>				
Net proceeds from issues of shares	535	415	548	780
Interest paid	(378)	(251)	(764)	(465)
Proceeds/(Repayment) from short-term bank loans	-	-	(1,652)	4,776
Dividend Paid	(26,161)	(10,128)	(26,161)	(10,128)
<b>Net cash outflow from financing activities</b>	<b>(26,004)</b>	<b>(9,964)</b>	<b>(28,029)</b>	<b>(5,037)</b>
<b>Net (decrease)/increase in cash/cash equivalents held</b>	<b>(7,764)</b>	<b>8,817</b>	<b>(13,229)</b>	<b>5,059</b>
<b>Cash and cash equivalents at beginning</b>	<b>66,119</b>	<b>47,252</b>	<b>71,885</b>	<b>52,518</b>
<b>Effects of exchange rate changes on balances held in foreign currencies</b>	<b>(755)</b>	<b>164</b>	<b>(1,056)</b>	<b>(1,344)</b>
<b>Cash and cash equivalents at end</b>	<b>57,600</b>	<b>56,233</b>	<b>57,600</b>	<b>56,233</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**

	Attributable to equity holders of the Company					Minority Interest	Total Equity
	Share Capital and Premium	Foreign Currency Translation Reserve	Revaluation and Other Reserves *	Retained Earnings	Total		
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.10.05 as previously reported	66,035	(935)	-	92,855	157,955	15,195	173,150
Effect of changes in accounting policies							
- Adjusted retrospectively	-	-	987	(987)	-	-	-
	66,035	(935)	987	91,868	157,955	15,195	173,150
- Adjusted prospectively	-	-	2,156	-	2,156	-	2,156
Balance at 1.10.05 restated	66,035	(935)	3,143	91,868	160,111	15,195	175,306
Currency translation difference	-	(1,514)	-	-	(1,514)	(545)	(2,059)
Fair value gains on available for sale financial assets	-	-	1,239	-	1,239	-	1,239
Net gains and losses recognised directly in equity	-	(1,514)	1,239	-	(275)	(545)	(820)
Net profits	-	-	-	24,055	24,055	2,966	27,021
Total recognised gains and losses for the period	-	(1,514)	1,239	24,055	23,780	2,421	26,201
Employee share option scheme:							
- Value of employee services	-	-	419	-	419	16	435
- Proceeds from shares issued	548	-	-	-	548	-	548
Dividend relating to FY2005 paid	-	-	-	(26,161)	(26,161)	-	(26,161)
<b>Balance at 31.03.06</b>	<b>66,583</b>	<b>(2,449)</b>	<b>4,801</b>	<b>89,762</b>	<b>158,697</b>	<b>17,632</b>	<b>176,329</b>
Balance at 1.10.04 as previously reported	65,205	(1,627)	-	71,228	134,806	16,783	151,589
Effect of changes in accounting policies							
- Adjusted retrospectively	-	-	333	(333)	-	-	-
Balance at 1.10.04 restated	65,205	(1,627)	333	70,895	134,806	16,783	151,589
Currency translation difference	-	(1,249)	-	-	(1,249)	(452)	(1,701)
Net loss recognised directly in equity	-	(1,249)	-	-	(1,249)	(452)	(1,701)
Net profits	-	-	-	19,666	19,666	(13)	19,653
Total recognised gains and losses for the period	-	(1,249)	-	19,666	18,417	(465)	17,952
Employee share option scheme:							
- Value of employee services	-	-	185	-	185	12	197
- Proceeds from shares issued	780	-	-	-	780	-	780
Dividend relating to FY2004 paid	-	-	-	(10,128)	(10,128)	-	(10,128)
<b>Balance at 31.03.05</b>	<b>65,985</b>	<b>(2,876)</b>	<b>518</b>	<b>80,433</b>	<b>144,060</b>	<b>16,330</b>	<b>160,390</b>

Note: \* Include available for sale reserve and share options expense reserve

	Share Capital and Premium	Revaluation and Other Reserves	Retained Earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Company</b>				
Balance at 1.10.05 as previously stated	66,035	-	2,759	68,794
Effect of changes in accounting policies - Adjusted retrospectively	-	1,022	(144)	878
Balance at 1.10.05 restated	66,035	1,022	2,615	69,672
Net gain	-	-	26,213	26,213
Total recognised gains for the period	-	-	26,213	26,213
Employee share option scheme:				
- Proceeds from shares issued	548	-	-	548
- Value of employee services	-	435	-	435
Dividend relating to FY2005 paid	-	-	(26,161)	(26,161)
<b>Balance at 31.03.06</b>	<b>66,583</b>	<b>1,457</b>	<b>2,667</b>	<b>70,707</b>
Balance at 1.10.04 as previously stated	65,205	-	5,564	70,769
Effect of changes in accounting policies - Adjusted retrospectively	-	344	(344)	-
Balance at 1.10.04 restated	65,205	344	5,220	70,769
Net loss	-	-	10,140	10,140
Total recognised losses for the period	-	-	10,140	10,140
Employee share option scheme:				
- Proceeds from shares issued	780	-	-	780
- Value of employee services	-	198	-	198
Dividend relating to FY2004 paid	-	-	(10,128)	(10,128)
<b>Balance at 31.03.05</b>	<b>65,985</b>	<b>542</b>	<b>5,232</b>	<b>71,759</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 for 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**

Since 30 September 2005, the Company issued 82,500, 282,750 and 623,250 ordinary shares of \$0.10 each at the price of S\$0.18, \$0.21 and \$0.76 respectively upon the exercise of options granted under the MFS Share Options Scheme.

As at 31 March 2006, options to subscribe for 10,723,500 ordinary shares under the MFS Share Option Scheme remain outstanding against 12,249,000 at 30 September 2005.

**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 or reviewed, however the unaudited results of the Group for the second quarter ended 31 March 2006 will be reported on in accordance with the Singapore Code on Take-overs and Mergers no later than one month after the date of this announcement.

**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 accounting policies and methods of computation applied by the Group are consistent with those used in its recently audited financial statements, except for changes made to comply with the following Singapore Financial Reporting Standards (FRS) that became effective in this financial year:

FRS 1 (revised 2004) – Presentation of Financial Statements  
FRS 2 (revised 2004) – Inventories  
FRS 8 (revised 2004) – Accounting Policies, Changes in Accounting Estimates and Errors  
FRS 10 (revised 2004) – Events after the Balance Sheet Date  
FRS 16 (revised 2004) – Property, Plant and Equipment  
FRS 17 (revised 2004) – Leases  
FRS 21 (revised 2004) – The Effects of Changes in Foreign Exchange Rates  
FRS 24 (revised 2004) – Related Party Disclosure  
FRS 27 (revised 2004) – Consolidated and Separate  
FRS 32 (revised 2004) – Financial Instruments: Disclosure and Presentation  
FRS 33 (revised 2004) – Earnings per Share  
FRS 36 (revised 2004) – Impairment of Assets  
FRS 39 (revised 2004) – Financial Instruments: Recognition and Measurement  
FRS 102 – Share-based Payment

The adoption of the above FRS did not result in substantial changes to the Group's accounting policies except as disclosed in Note 5.

**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**

FRS 39 – Financial Instruments: Recognition and Measurement

Under FRS 39 (revised 2004), the investments in equity interests of other companies are classified as "available-for-sale financial assets" and are initially recognized at fair value and subsequently measured at fair value at the balance sheet date with all gains and losses other than impairment taken to equity. Impairment losses are taken to the income statement in the period it arises. On disposal, gains and losses previously taken to equity are included in the income statement. This change was effected prospectively from 1 October 2005 and consequently affected the following balance sheet items as at 1 October 2005.

	<b>Group</b> S\$'000	<b>Company</b> S\$'000
Increase in:		
Available-for-sale financial assets		
- Non-current assets	2,156	-
Fair value reserve	2,156	-

The effects of adopting FRS 39 also resulted in the further increase on the Group's equity of \$0.92 million for 2Q FY2006. There was no impact on the Company's equity for the same period.

#### FRS 102 – Share-based Payment

Previously, the provision of share options to employee did not result in any charge in the income statement. The Group and Company recognized an increase in share capital and share premium when the options are exercised. On adoption of FRS 102, an expense is recognized in the income statement for share options issued with a corresponding increase in the share option reserve.

This change was effected retrospectively for share options granted after 22 November 2002 and not yet vested by 1 October 2005. Consequently, the following previously reported balances as at/for the year ended 30 September 2005 were adjusted.

	<b>Group</b> S\$'000	<b>Company</b> S\$'000
Increase/(decrease) in:		
Retained earnings	(987)	(144)
Share options reserve	987	144
Administrative expenses	987	144

The impact of FRS 102 on the Group's and the Company's profit and loss account for 2Q FY2006 is \$0.2 million and \$0.01 million respectively.

#### **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**

	Group Figures			
	3 months ended 31 March		6 Months ended 31 March	
	2006	2005	2006	2005
Earnings per ordinary share for the period based on profit attributable to shareholders:-				
(i) Based on weighted average no. of ordinary shares in issue	1.47	1.24	3.68	3.01
(ii) On a fully diluted basis	1.46	1.24	3.67	3.01

**Note:** For the purpose of calculating the diluted earnings per share, the weighted average number of ordinary shares in issue had been adjusted to reflect the dilutive effect arising from the exercise of all outstanding share options granted to employees. The number of such shares issue is added to the number of ordinary shares outstanding in the computation of diluted earnings per ordinary share. No adjustment is made to the profit after tax attributed to shareholders.

**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 period reported on and (b) immediately preceding financial year**

	Group		Company	
	As at 31/03/2006	As at 30/09/2005	As at 31/03/2006	As at 30/09/2005
Net asset value per ordinary share based on existing issued share capital at the end of the period reported on (in cents):	24.2	24.2	10.7	10.5

**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 turnover for the 2Q FY2006 ended 31 March 2006 rose by 13.3% to \$101.4 million compared to \$89.5 million in the previous corresponding period. The FPC division contributed 88.6% of the turnover with the balance from the PCB division. The sequential slow down in 2Q FY2006 was mainly due to seasonality factor coupled with the slower launches of new models. EOL (end-of-life) for several programs and price reduction given to a major customer also affected sales. The lower sales were mainly from the personal communications and wireless portables ("PCNWP") and data storage segments. The weakening of the USD also adversely affected the predominantly USD sales.

As a result of more favorable product mix towards higher valued multi-layer products and higher utilization of the low-cost manufacturing facilities, the group improved its gross margin from 15.5% to 18.5%.

Group's distribution and administrative expenses for the three months ended 31 March 2006 increased by \$1.0 million to \$4.9 million from \$3.9 million in previous corresponding period in line with higher sales as well as additional provision made for sales warranty in view of higher production and sales activities. Other operating income increased by \$0.6 million arising mainly from the higher recovery of scrap materials. Other operating expenses were largely foreign exchange losses amounting to \$2.0 million due to the downward trend of the USD against SGD as well as professional fees incurred amounting to \$0.7 million for the due diligence exercises carried out for the intended merger with Multi-Fineline Electronix Inc.

The Group's tax rate decreased significantly from 20.9% to 7.5% due to prior years tax overprovision written back after finalization by IRAS coupled with the result of the DEI award granted to our Singapore subsidiary together with the combined impact of the tax-free benefits from the China FPC facility.

For 2Q FY2006, the Group achieved a profit after tax attributable to shareholders of \$9.6 million, an improvement of 12.0% from \$8.1 million in the previous corresponding quarter.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

In the SGXNET prospect statement released for 1Q FY2006 ended 31 December 2005, the Directors made a prospect statement that the group's prospects would be continue to be positive albeit sequentially lower mainly due to the shorter period during the Chinese New Year holidays and seasonality factor. The Group's performance for the 2Q FY2006 ended 31 March 2006 was in line with the above guidance.

**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**

Business environment in which the Group operates continues to remain competitive. Our backlog orders as at 31 March 2006 remained strong at approximately \$160 million. However some of these orders are spread over a period of up to twelve months.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Nil

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	0.5 cent per ordinary share (tax exempt)
Par value of shares	S\$0.10
Tax Rate	Exempt 1-tier

**(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.

**13. The aggregate value of interested person transactions conducted pursuant to the general mandate in 2Q FY2006 are as follows:-**

Nature and name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Sales to Wearnes Precision (Private) Limited	Nil	17,202
Purchases from Multi-Fineline Electronix Inc	Nil	Nil
Subcontract services rendered by Wearnes Electronics (M) Sdn Bhd	Nil	2,639,911

**BY ORDER OF THE BOARD**

Submitted by Peter Tan, Company Secretary on 08/05/2006 to the SGX