

Financial Statements for the 2Q FY 2008 ended 31 March 2008

**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.

	The Group			Group		
	3 months ended 31 March			6 months ended 31 March		
	2008	2007	%	2008	2007	%
	S\$'000	S\$'000	change	S\$'000	S\$'000	change
Sales	47,459	91,573	-48%	109,474	197,730	-45%
Cost of sales	(48,676)	(78,666)	-38%	(106,698)	(167,263)	-36%
Gross (loss)/profit	(1,217)	12,907	-109%	2,776	30,467	-91%
Other gains	785	1,715	-54%	2,057	3,135	-34%
Expenses						
- Distribution and marketing	(2,738)	(2,757)	-1%	(4,754)	(5,732)	-17%
- Administrative	(2,085)	(3,041)	-31%	(4,718)	(6,112)	-23%
- Other	(285)	(977)	-71%	(550)	(1,980)	-72%
- Finance	(31)	62	-150%	(62)	(181)	-66%
(Loss)/profit before income tax	(5,571)	7,909	-170%	(5,251)	19,597	-127%
Income tax expense	421	(894)	-147%	585	(2,576)	-123%
Total (loss)/profit for the period	(5,150)	7,015	-173%	(4,666)	17,021	-127%
Attributable to:						
Equity holders of the Company	(4,825)	6,169	-178%	(4,749)	15,220	-131%
Minority interest	(325)	846	-138%	83	1,801	-95%
	(5,150)	7,015	-173%	(4,666)	17,021	-127%

Additional information for the income statement

	The Group		The Group	
	3 months ended 31 March		6 months ended 31 March	
	2008	2007	2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	123	364	345	734
Sale of scrap/gold reclaims	673	1,019	1,566	1,833
Interest on borrowings	(31)	62	(62)	(181)
Depreciation and amortization	(2,362)	(2,581)	(4,746)	(5,166)
(Allowance)/Write back of allowance for doubtful debts, net	199	(410)	255	(401)
(Allowance)/Write back of allowance for stock obsolescence, net	227	(414)	2,638	(925)
Stocks write-down/write-off	(129)	(213)	(840)	(358)
Foreign exchange loss	(954)	(1,071)	(1,400)	(2,642)
Adjustment for (under)/overprovision of tax in respect of prior years	(65)	(193)	(65)	(193)
Professional fees incurred for proposed merger transaction	-	(723)	-	(1,172)
Loss on sale of property, plant and equipment	-	-	(16)	-

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

	The Group		The Company	
	As at 31/03/2008 S\$'000	As at 30/09/2007 S\$'000	As at 31/03/2008 S\$'000	As at 30/09/2007 S\$'000
Current assets				
Cash and cash equivalents	52,267	61,888	4,712	5,397
Derivative financial instruments	122	163	-	-
Trade and other receivables	48,678	63,632	28,774	28,744
Inventories	26,277	28,806	-	-
Tax recoverable	2,960	995	135	127
Other current assets	6,130	4,534	449	18
	136,434	160,018	34,070	34,286
Non-current assets				
Investment in subsidiaries	-	-	39,225	39,225
Property, plant & equipment	74,520	75,953	6	6
	74,520	75,953	39,231	39,231
Total assets	210,954	235,971	73,301	73,517
Current liabilities				
Trade and other payables	41,649	53,668	762	846
Current income tax liabilities	-	175	-	-
Borrowings	1,961	1,979	-	-
Provision for warranty	233	393	-	-
	43,843	56,215	762	846
Non-current liabilities				
Deferred income tax liabilities	1,708	2,331	-	-
	1,708	2,331	-	-
Total liabilities	45,551	58,546	762	846
	165,403	177,425	72,539	72,671
Share capital and reserves				
Share capital	71,124	71,124	71,124	71,124
Foreign currency translation reserve	(3,603)	(3,018)	-	-
Other reserves	1,028	1,028	1,028	1,028
Retained earnings	78,419	89,773	387	519
Interest of shareholders of the Company	146,968	158,907	72,539	72,671
Minority interest	18,435	18,518	-	-
Total Equity	165,403	177,425	72,539	72,671

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

	As at 31/03/2008		As at 30/09/2007	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	-	1,961	-	1,979
Amount repayable after one year	-	-	-	-

1(b)(iii) Details of any collateral

Not applicable

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	
	2008	2007	2008	2007
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Net (loss)/profit	(5,150)	7,015	(4,666)	17,021
Adjustments for: -				
- Tax	(421)	894	(585)	2,576
- Depreciation	2,362	2,581	4,746	5,166
- Interest income	(123)	(364)	(345)	(734)
- Interest expense	31	(62)	62	181
- Loss on sale of property, plant and equipment	-	-	16	-
- Share-based payment expenses	-	70	-	141
- Write-off of property, plant and equipment	-	-	15	-
- Foreign exchange adjustment	747	497	1,059	1,377
Operating cash flow before working capital changes	(2,554)	10,631	302	25,728
Changes in operating assets and liabilities				
- Trade and other receivables	13,262	20,931	14,691	6,834
- Inventories	915	(2,911)	2,510	(11,018)
- Other current assets	1,307	(288)	1,221	299
- Trade and other payables	(9,322)	(19,065)	(11,889)	(6,988)
- Provision for warranty	75	(250)	(160)	(391)
Cash generated from operations	3,683	9,048	6,675	14,464
Income tax paid	(1,824)	(2,796)	(2,180)	(3,332)
Net cash provided by operating activities	1,859	6,252	4,495	11,132
Cash flows from investing activities				
Proceeds from the disposal of property, plant and equipment	24	-	28	-
Purchase of property, plant and equipment	(3,941)	(2,865)	(6,763)	(3,797)
Interest received	123	364	345	734
Net cash used in investing activities	(3,794)	(2,501)	(6,390)	(3,063)
Cash flows from financing activities				
Proceed from issuance of ordinary shares	-	-	-	49
Repayment of bank borrowings	-	(10,811)	-	(10,811)
Interest paid	(31)	(111)	(62)	(354)
Dividend paid	(6,605)	-	(6,605)	-
Net cash used in financing activities	(6,636)	(10,922)	(6,667)	(11,116)
Net decrease in cash and cash equivalents	(8,571)	(7,171)	(8,562)	(3,047)
Cash and cash equivalents at beginning of the financial period	61,585	74,393	61,888	71,149
Effects of currency translation on cash and cash equivalents	(747)	(497)	(1,059)	(1,377)
Cash and cash equivalents at end of period	52,267	66,725	52,267	66,725

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

Consolidated Statement of Changes in Equity for the three-month period ended 31 March 2008

The Group	Attributable to equity holders of the Company					Total Equity S\$'000
	Share Capital S\$'000	Foreign Currency Translation Reserve S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Minority Interest S\$'000	
2008						
Balance at 1 January 2008	71,124	(3,141)	1,028	89,849	18,903	177,763
Currency translation difference	-	(462)	-	-	(143)	(605)
Net losses recognised directly in equity	-	(462)	-	-	(143)	(605)
Net loss	-	-	-	(4,825)	(325)	(5,150)
Total recognised losses for the period	-	(462)	-	(4,825)	(468)	(5,755)
Dividend relating to FY2007 paid	-	-	-	(6,605)	-	(6,605)
Balance at 31 March 2008	71,124	(3,603)	1,028	78,419	18,435	165,403
2007						
Balance at 1 January 2007	69,951	(3,158)	1,593	104,037	18,876	191,299
Fair value gains on available-for-sale financial assets	-	-	946	-	-	946
Currency translation differences	-	(25)	-	-	(122)	(147)
Net (losses)/gains recognised directly in equity	-	(25)	946	-	(122)	799
Net profit	-	-	-	6,169	846	7,015
Total recognised (losses)/gains for the period	-	(25)	946	6,169	724	7,814
Employee share option scheme: - Value of employee services	-	-	70	-	-	70
Balance at 31 March 2007	69,951	(3,183)	2,609	110,206	19,600	199,183

Statement of Changes in Equity for the three-month period ended 31 March 2008

	Share Capital	Other Reserves	Retained Earnings	Total
The Company	S\$'000	S\$'000	S\$'000	S\$'000
2008				
Balance at 1 January 2008	71,124	1,028	249	72,401
Net profit	-	-	6,743	6,743
Total recognised profit for the period	-	-	6,743	6,743
Dividend relating to FY2007 paid	-	-	(6,605)	(6,605)
Balance at 31 March 2008	71,124	1,028	387	72,539
2007				
Balance at 1 January 2007	69,951	1,126	(375)	70,702
Net loss	-	-	(1,117)	(1,117)
Total recognised loss for the period	-	-	(1,117)	(1,117)
Employee share option scheme: - Value of employee services	-	70	-	70
Balance at 31 March 2007	69,951	1,196	(1,492)	69,655

Consolidated Statement of Changes in Equity for the six-month period ended 31 March 2008

The Group	Attributable to equity holders of the Company					
	Share Capital	Foreign Currency Translation Reserve	Other Reserves	Retained Earnings	Minority Interest	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2008						
Balance at 1 October 2007	71,124	(3,018)	1,028	89,773	18,518	177,425
Currency translation difference	-	(585)	-	-	(166)	(751)
Net losses recognised directly in equity	-	(585)	-	-	(166)	(751)
Net (loss)/profit	-	-	-	(4,749)	83	(4,666)
Total recognised losses for the period	-	(585)	-	(4,749)	(83)	(5,417)
Dividend relating to FY2007 paid	-	-	-	(6,605)	-	(6,605)
Balance at 31 March 2008	71,124	(3,603)	1,028	78,419	18,435	165,403
2007						
Balance at 1 October 2006	69,891	(3,048)	2,480	94,986	18,173	182,482
Fair value gains on available-for-sale financial assets	-	-	(1)	-	-	(1)
Currency translation differences	-	(135)	-	-	(374)	(509)
Net losses recognised directly in equity	-	(135)	(1)	-	(374)	(510)
Net profit	-	-	-	15,220	1,801	17,021
Total recognised (losses)/gains for the period	-	(135)	(1)	15,220	1,427	16,511
Employee share option scheme:						
- Value of employee services	11	-	130	-	-	141
- Proceeds from shares issued	49	-	-	-	-	49
Balance at 31 March 2007	69,951	(3,183)	2,609	110,206	19,600	199,183

Statement of Changes in Equity for the six-month period ended 31 March 2008

The Company	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000
2008				
Balance at 1 October 2007	71,124	1,028	519	72,671
Net profit	-	-	6,473	6,473
Total recognised profit for the period	-	-	6,473	6,473
Dividend relating to FY2007 paid	-	-	(6,605)	(6,605)
Balance at 31 March 2008	71,124	1,028	387	72,539
2007				
Balance at 1 October 2006	69,891	1,066	347	71,304
Net loss	-	-	(1,839)	(1,839)
Total recognised loss for the period	-	-	(1,839)	(1,839)
Employee share option scheme:				
- Value of employee services	11	130	-	141
- Proceeds from shares issued	49	-	-	49
Balance at 31 March 2007	69,951	1,196	(1,492)	69,655

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 2007, the Company did not issue any ordinary shares.

As at 31 March 2008, options to subscribe for 4,053,750 ordinary shares under the MFS Share Option Scheme remain outstanding against 4,053,750 at 30 September 2007.

There were no shares held as treasury shares as at 31 March 2008 and 31 March 2007.

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

Not applicable.

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 - Presentation of Financial Statements
- FRS 10 - Events after the Balance Sheet Date
- FRS 12 - Income Taxes
- FRS 14 - Segment Reporting
- FRS 17 - Leases
- FRS 19 - Employee Benefits
- FRS 32 - Financial Instruments: Presentation
- FRS 33 - Earning Per Share
- FRS 39 - Financial Instruments: Recognition and Measurement
- FRS 102 - Share-based Payment
- FRS 103 - Business Combination
- FRS 107 - Financial Instruments: Disclosure

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

The adoption of the above FRS did not result in changes to the Group's accounting policies.

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

	The Group			
	3 months ended 31 March 2008	2007	6 months ended 31 March 2008	2007
Earnings per ordinary share for the period based on profit attributable to shareholders:-				
(i) Based on weighted average no. of ordinary shares in issue (in cents)	(0.7)	0.9	(0.7)	2.3
(ii) On a fully diluted basis (in cents)	(0.7)	0.9	(0.7)	2.3

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

	The Group		The Company	
	As at 31/03/2008	As at 30/09/2007	As at 31/03/2008	As at 30/09/2007
Net asset value per ordinary share based on existing issued share capital at the end of the period reported on (in cents):	22.3	24.1	11.0	11.0

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

Due to the challenging operating conditions experienced by the flexible printed circuit (FPC) division, the Group's sales declined 48% from \$91.6 million in 2Q FY2007 to \$47.5 million in 2Q FY2008. The overall decline was primarily attributable to the slowdown in FPC sales to the Personal Communications and Wireless Portables ("PCNWP") segment which accounted for 71% of FPC sales. The decrease in PCNWP sales was largely due to weaker demand from our main customers. Lower average selling price due to reduced assembly content, change in product mix and continued weakening US dollar also affected the predominantly US dollar sales. FPC sales declined from \$78.7 million in 2Q FY2007 to \$31.5 million in 2Q FY2008. The severe weather condition in China also affected our shipment in the 2Q FY2008.

The FPC division reported gross loss for 2Q FY2008 compared to gross profit in 2Q FY2007 due primarily to the lower capacity utilisation. The gross loss was also partly attributable to margin compression on our high runner products and higher metal prices.

The PCB division continued to achieve sales growth as demand for high layer count and thick copper PCB for application in the power supply industry increases. The division's sales grew strongly by approximately 24% from \$12.8 million in 2Q FY2007 to \$15.9 million in 2Q FY2008. However, despite the higher sales, the division reported a lower gross profit margin for 2Q FY2008 as a result of higher raw material prices and outsourcing expenses. Outsourcing activities will be reduced to a manageable level once our expansion program is completed by end of 3Q FY2008.

Notwithstanding the overall lower sales, the Group's distribution and marketing expenses for 2Q FY2008 was comparable to 2Q FY2007 at \$2.7 million as higher provision for warranty and foreign exchange losses from marketing activities were offset by lower freight costs and lower provision for doubtful debts. Administrative expenses on the other hand decreased from \$3.0 million in 2Q FY2007 to \$2.1 million in 2Q FY2008 was largely due to lower foreign exchange impact as a result of exchange gains from hedging transactions.

Other operating income decreased from \$1.7 million in 2Q FY2007 to \$0.8 million in 2Q FY2008 due to lower scrap income and lower reworks expenses charged back to suppliers. Interest income also decreased due to lower cash balance and lower interest rate for fixed deposits placements. Other operating expenses also decreased from \$1.0 million to \$0.3 million largely due to the professional fees incurred for the then proposed merger transaction in 2Q FY2007.

The Group posted a loss after tax attributable to shareholders of \$4.8 million for 2Q FY2008 compared to a profit of \$6.2 million in the previous corresponding period.

Despite the quarter's reported losses, the Group continued to generate positive operating cash flow of \$1.9 million for 2Q FY2008 due to concerted efforts to bring down inventory levels and

prudent management of its trade receivables and trade payables balances. The Group continued to invest in factory facilities and plant equipments of \$3.9 million to upgrade its manufacturing capabilities. A final dividend payment of \$6.6 million was paid for FY2007 during the quarter. Despite significant cash outflow for plant and equipment upgrade and dividend payment to shareholders, the Group's cash balance still remained strong at \$52.3 million.

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 FY2008 ended 31 December 2007, the board expects the operating environment for the Group to be challenging. The FPC business in 2Q FY2008 was expected to be weaker than the first quarter.

The Group's performance for the 2Q FY2008 was in line with the guidance as the continued reduction in orders from our major customers of our flexible printed circuits ("FPC") business resulted in the Group reporting a loss for the current quarter.

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

The Group's FPC business is expected to continue to suffer from compressed margin and poor product mix exacerbated by fewer new volume production models. If the US dollar continues to weaken and metal prices remain high, it will continue to have a negative impact on the Group's performance.

Demand of the matured models from our existing customers, and the execution of the new product launches from some new customers will be crucial to the group's performance going forward.

The PCB operations will be consolidated under a single manufacturing facility by 3Q FY2008. As a result, the expected higher production efficiency and capacity expansion would help improve the profit margin of the PCB division.

As at 31 March 2008, the Group's backlog orders for the FPC was \$40 million, while our PCB was \$12 million. Some of these orders are spread over a period of twelve months.

The board expects the group results in the third quarter to be equally challenging as in the current quarter.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(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

No dividend is declared for the 2nd quarter ended 31 March 2008.

13. The aggregate value of interested person transactions conducted pursuant to the general mandate in 2Q FY2008 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)
Commission charged by Wearnes Global Co Ltd	Nil	\$40,213
Sales to Multi-Fineline Electronix, Inc.	Nil	\$1,531,652
Purchases from Multi-Fineline Electronix, Inc.	Nil	\$1,248,153
Subcontract services rendered by Wearnes Electronics (M) Sdn Bhd	Nil	\$798,844

14. Statement pursuant to Rule 705(4) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the 2nd Quarter ended 31 March 2008 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Submitted by Peter Tan, Company Secretary on 12/05/2008 to the SGX