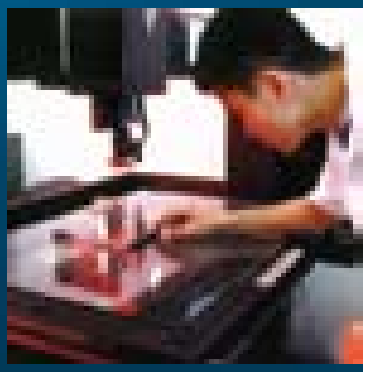
METAL COMPONENT ENGINEERING LIMITED

Strategise & FOCUS

Annual Report 2008

Our Vision

TO BE A WORLD-CLASS MECHANICAL MANUFACTURING SOLUTIONS PROVIDER



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Corporate Profile

Metal Component Engineering Limited ("MCE")
is a one-stop metal stamping solutions **provider offering design, prototyping, tooling, stamping and value-added assembly services.** MCE specialises in the design and fabrication of multistage progressive tools, which are used in automated stamping processes and enable higher precision, better consistency, higher capacity and more cost-competitive manufacturing of metal stamping products as compared to single-stage tools.

MCE has a regional manufacturing presence with manufacturing facilities in Singapore, Malaysia, China and Thailand. The Group focuses on the computer peripherals, printers, consumer electronics, automotive and hard disk drive industries. Customers are mainly OEMs and their designated EMS companies and these include the Hewlett-Packard Group, the Venture Group, the Wincor Nixdorf Group, the Celestica Group and the MMI Group.

Corporate Information

Board of Directors

Chua Kheng Choon	(Chairman and CEO)
Chua Han Min	(Executive Director)
Tan Hock Lye	(Executive Director)
Tan Soo Yong	(Executive Director)
Lim Chin Tong	(Non-Executive & Lead Independent Director)
Ong Sim Ho	(Independent Non-Executive Director)
Wong Chee Wai	(Independent Non-Executive Director)

Audit Committee

Ong Sim Ho	(Chairman)
Lim Chin Tong	
Wong Chee Wai	

Remuneration Committee

Wong Chee Wai	(Chairman)
Lim Chin Tong	
Ong Sim Ho	

Nominating Committee

Lim Chin Tong	(Chairman)
Wong Chee Wai	
Ong Sim Ho	

Company Secretaries

Wong Ong Eu, Derrick
Lim Geok Lan, Regina

Share Registrar and Share Transfer Office

M&C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906

Auditors

Paul Wan & Co
Certified Public Accountants
A member firm of Morison International
10 Anson Road #35-07/08
International Plaza
Singapore 079903
Partner-in-charge: Wan Tong Chee Paul
(Appointed since financial year 31 December 2006)

Registered Office and Business Address

15 Senoko South Road
Singapore 758076
Tel: (65) 6759 5575
Fax: (65) 6759 5565
www.mce.com.sg
Registration No.: 198804700N

Corporate Structure

METAL COMPONENT ENGINEERING LIMITED

- MCE Industries (Shanghai) Co., Ltd. 100%
- Metal Component Engineering (Shanghai) Co., Ltd. 100%
- Metal Component Technologies (Wuxi) Co., Ltd. 100%
- Metal Computer Component (Suzhou) Limited 100%
- MCE Technologies Sdn. Bhd. 100%
- MCE Manufacturing Sdn. Bhd. 100%
- Metal Precision Services Pte Ltd 100%
- MCE Industries (Thailand) Co., Ltd. 80.3%

Chairman's Message

"MCE Group recorded a net profit of S$3.4 million, on par with 2007's performance."

DEAR SHAREHOLDERS,

I am pleased to present you the Group's 2008 Annual Report.

MCE Group recorded a net profit of S$3.4 million, on par with 2007's performance. This was achieved despite difficulties from rising costs in 1H2008 and the global slow-down in 3Q2008 onwards.

Financial review

In FY2008, MCE Group recorded sales of S$87.7 million. Although turnover was 14.3% lower compared to FY2007's S$102.3 million, it was within expectations and the Group could plan for corresponding capacity and managed manufacturing costs to maintain profitability levels.

The lower orders were resulting from these main factors: a) general global economic slow-down, b) end-of-life (EOL) for certain projects in our China manufacturing sites and c) the divestment of our Thailand operations. In addition, the Group had also been more stringent in project selection in order to maintain an optimal customer base for margin optimization.

Despite lower revenues, MCE Group managed to achieve net profit after tax to be on par with previous year of S$3.4 million. Management had continued to make a concerted effort to monitor and contain the key costs components through reducing material wastage and controlling fixed costs:

a) Direct Material Usage: We had anticipated tougher conditions as the steel price hiked at a steeper rate since end 2007 through 2008. The Group continued to be selective in projects, focused on strategic supply management as well as close monitoring of production efficiency to reduce shop floor material wastage. As a result, we managed to contain material usage to register overall direct material content to 57.8% compared to 58.5% of sales in 2007.

b) Operating Costs: Staff costs and Other expenses were reduced by S$1.8 million and S$2.3 million respectively; Depreciation for the year reduced to S$4.2 million as compared to 2006's $4.6 million and 2007's S$4.4 million. Although these operating costs contain both direct and indirect costs components, they matched 2007 levels (as a percentage of sales) despite the decreased sales volume. We attribute this achievement to our committed team and dedicated staff.

c) Financial expenses were lowered by S$0.5 million as bank borrowings were reduced and interest rates decreased. Overall borrowing is reduced from S$29.1 million in 2007 to S$27.2 million in 2008.

The Group generated S$6.2 million cash from operating activities. In this financial year, S$1.2 million was used in investment activities and S$5.1 million used to reduce borrowings, payment of interest costs and dividends. The management takes a cautious and prudent approach in capital expenditure investment and expansion plans. Major capital expenditure invested in 2008 was mainly on our mechanical structure integration business in our facilities in China and Malaysia.

In 2008, MCE Group generated positive working capital of S$1.3 million (defined as total current assets less total current liabilities) and this represents a significant recovery from 2006 and 2007's negative working capital positions.

Operation Review

The MCE Group has manufacturing operations in four countries in 2008 - China, Malaysia, Thailand and Singapore.

China: The Group currently has four plants in China, namely Shanghai Qingpu, Shanghai Waigaoqiao, Wuxi and Suzhou.

Our Qingpu plant focuses on computer peripherals assembly and precision stamping components production. The plant in Shanghai Waigaoqiao free trade zone ("FTZ") is focused on automotive related businesses to take advantage of its free-trade status. The plants in Wuxi and Suzhou offers stamping

and Electroless-Nickel Plating and is mainly serving the HDD component manufacturing business.

With the focus on operational excellence as well as optimal capacity utilisation, the overall MCE China contributed positively to the Group in 2008. The plants in China will also continue to remain a core component of our manufacturing operations as customers continue to consider China as a low cost production center.

Malaysia: We currently operate out of 3 facilities in Johor Bahru, Malaysia. These 3 locations focus on 3 major business areas: a) Progressive Stamping b) High-Mix-Low-Volume production and c) Mechanical Structure Integration Assembly.

The consolidation of our Group's prototype-batch production facilities from Singapore to Johor Bahru is completed and is now operating smoothly. With the steady increase of capabilities in the Johor Bahru facilities, we are now able to better cater for high-mix-low-volume ("HMLV") mechanical structure assembly businesses. We have since saw such programmes running at near full capacity toward 4Q2008 and occupying a good proportion of our business.

Our Johor Bahru plant continues to be one of the significant top and bottom line contributors in 2008.

Thailand: MCE Thailand losses has been contained further in 2008. In 2008, MCE Thailand incurred a pre-tax loss of S$0.2 million, compared to 2007's loss of S$0.7 million and 2006's loss of S$4.5 million.

On 7 March 2008, we announced that MCE Thailand has invested in Peaks Manufacturing (Thailand) Co. Ltd ("PEAKS"). MCE Thailand injects some of the assets for a 49% stake in PEAKS and had also transferred the existing plastic injection molding business into the investment entity. The joint venture partner will be in-charge of the day to day operation of PEAKS. Overall, MCE Thailand will cease to have any manufacturing operations in Thailand.

For 2009, we expect to contain the losses to 2008 levels while maintaining the entity in Thailand. Where opportune, we will further reduce our stake / assets and activities in Thailand.

Singapore: Our Singapore office serves as the Group's headquarters. Our Senoko factory also used to house our tooling manufacturing operations, particularly focusing on the automotive business segment. In December 2008, part of this tooling business has since been divested together with the sale of selected assets.

Forward Strategy

The Group continue its cost control measures started since 2005. From those setbacks, we are able to better focus on our fundamentals and business goals to maintain our competitiveness to customers while still yielding profits for the Group.

In 2008, we had successfully increased our sales for higher value mechanical assembly projects and high-mix-low-volume production jobs. The new programmes in our Malaysia plant that we started with a new customer have grown steadily throughout the year. We expect sales from this segment to remain steady in 2009, barring business conditions changes due to current economic downturn. According to our plan, this business will also extend the production to our Shanghai Qingpu plant in 2H 2009.

Sales to our core component stamping business serving the printers / computer peripherals industry is projected to decrease in 2009 with the current pessimistic global outlook. Our component stamping plant in Wuxi and our EN-plating services plant in Suzhou serving the hard disk drive industry was operating at near full capacity in 2008. However, we expect our hard disk drive business to also significantly slow down in line with the global downturn faced by the HDD makers in 1H2009 but demand to restrore in 2H2009.

For our Automotive component stamping business, we expect this to further decrease in 2009 as the industry face low demand due to the credit crisis.

On balance, we expect FY 2009 to be a challenging year. We will monitor our customers' order patterns and activities closely and act swiftly to any changing trends and opportunities.

Appreciation

I consider the 2008 performance to be credible but also believe that this would not have been possible without our dedicated staff, customers', suppliers' and business partners trust and support since our earlier turbulent years. I sincerely thank you.

I would like to thank my fellow Board members for their continued contribution and support. In particular, I would like to thank our retiring Independent Director and Audit Committee Chairman, Mr Ong Sim Ho, for his unwavering support and advise for the past 6 years.

On behalf of the Board, I would also like to thank our loyal shareholders, for their belief in MCE.

I believe with the strong teamwork and dedication of our staff and business partners, the Board and the Management's commitment and perseverance will, once again, be able to ride through the storm with MCE.

Thank you.

Chua Kheng Choon
Chairman and Chief Executive Officer

Board of Directors

Chua Kheng Choon, our CEO and Chairman, is one of our founders and is responsible for overseeing the overall business strategy of our Group. He has been in the precision metal stamping industry for more than 20 years. Under his leadership, our Company has grown steadily from its inception as a stamping sub-contractor to its position as a one-stop provider for mechanical manufacturing products and services. Mr Chua holds a Diploma in Material Handling Technology and a Certificate in Industrial Management from the Singapore Institute of Management.

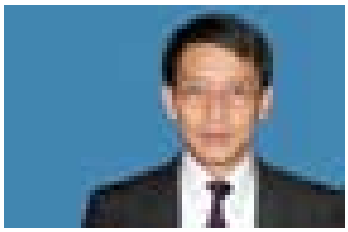
Chua Han Min, our Group General Manager and Executive Director, is responsible for the day-to-day management of our Group. In addition, he assists our CEO in planning and executing the overall business strategies of our Group, including its regional expansion. He has more than 20 years of experience in the field of manufacturing engineering. Prior to joining MCE, Mr Chua has been with Philips Singapore Pte Ltd, King Radio (S) Pte Ltd and Hewlett-Packard (S) Pte Ltd. Mr Chua holds a Masters in Science (Mechanical Engineering) from the National University of Singapore and a Masters in Business Administration from the University of South Australia.

Tan Hock Lye, our Executive Director and one of our founders, is our Technical Director responsible for the various aspects of the manufacturing process, with a particular focus on tooling. He started his career with the Engineering Industries Development Agency, a part of the EDB, in tooling design and workshop practice. He worked in the Production Department of Amtek Engineering Pte Ltd for 15 years and last held the position of Assistant Manager, before co-founding MCE. Mr Tan holds a Technical Four qualification from the Tanglin Integrated Secondary and Technical School.

Tan Soo Yong is the Business Developement Director and Executive Director. He oversees the marketing function of our plants and is also responsible for identifying new business opportunities and developing our target markets. He joined initially as a Marketing Manager, before he was promoted to General Manager of Shanghai Waigaoqiao and subsequently Business Unit Manager for our China operations. Mr Tan also played a key role in the set up of our first China subsidiary. Mr Tan holds a Technician Diploma in Mechanical Engineering, an Advanced Diploma in Industrial Engineering from Singapore Polytechnic, and a Bachelor of Science in Business Administration from Oklahoma City University, U.S.

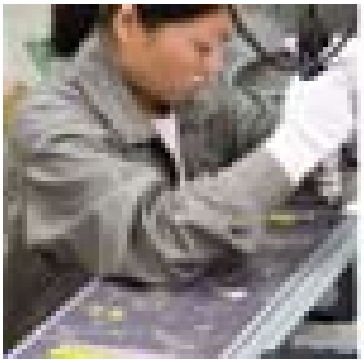
Lim Chin Tong is our Lead Independent Director. He is currently an Executive Director of Manufacturing Integration Technology Ltd. His career spanned many years with the Economic Development Board and more recently with Xpress Holdings Ltd. Mr Lim also sits on the Boards of several public listed and private limited companies in Singapore and Australia. In the academic field, Mr Lim is also a member of the Board of Governors of Nanyang Polytechnic and Ahmad Ibrahim Secondary Primary School Advisory Committee. Mr Lim has a Bachelor of Science (Honours) degree from the University of Leeds (UK) and a Diploma in Business Administration from NUS. He also attended the Program for Management Development at the Harvard Business School.

Ong Sim Ho is a Director at Drew & Napier LLC where he heads the Tax & Private Client Services Group. He is the Non-Executive Chairman of TM Asia Life Singapore Ltd and a member of the Board of Emirates National Oil Company (Singapore) Pte Ltd, Innovalues Limited, Eucon Holding Limited, Sunningdale Tech Limited and Tokio Marine Insurance Singapore Ltd. Mr Ong also serves as an Advisory Board Member of the School of Accountancy at the Singapore Management University. He is a member of the Investigation Committee and the Accounting Standards Council, of the Institute of Certified Public Accountants of Singapore. He is an Advocate and Solicitor of the Supreme Court of Singapore, Barrister-at-Law, Lincoln's Inn, a Certified Public Accountant in Singapore and a member of the Singapore Institute of Directors.



Wong Chee Wai is our Independent Director. Mr Wong last held the post of Managing Director with STATSchipPAQ Singapore. Mr Wong was previously a Vice President of Compaq Asia Pte Ltd responsible for its manufacturing and supply chain operations across the Asia Pacific region. Prior to joining Compaq, he worked at Hewlett Packard (S) Pte Ltd, holding various positions in the manufacturing, engineering and supply chain functions. Mr Wong holds a Bachelor of Science in Electronic and Electrical Engineering (First Class Honours) from the University of Manchester, Institute of Science and Technology, United Kingdom.

Key Management



Lim Geok Lan Regina, our Chief Financial Officer, is responsible for managing our Group's financial matters. Ms Lim started her career in audit with Ernst & Young (S), before joining Keppel TatLee Bank Ltd as finance manager and subsequently with Oversea-Chinese Banking Corporation Limited as an assistant vice-president. Ms Lim holds a Bachelor of Accountancy (Honours) from Nanyang Technological University and is a non-practicing member of the Institute of Certified Public Accountants of Singapore.

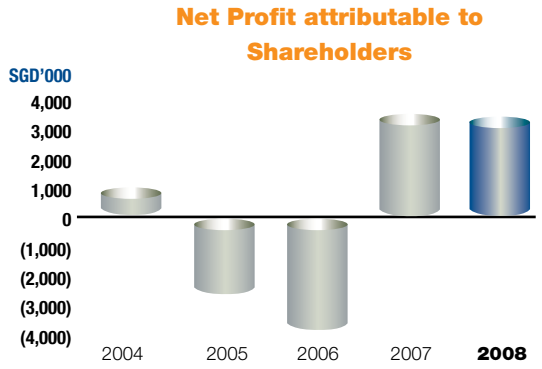
Tan Wee Suan Mavis, our Corporate Materials Manager, has been with the Group since 1989. She is overall in-charge of the Group's materials planning, pricing negotiation and purchase strategy. Ms Tan holds a Diploma in Business Administration from the Singapore Productivity Standards Board Institute.

Tan Yew Seng Victor is the General Manager for our Shanghai Qingpu operations, responsible for the overall sales, administration and daily operations. Prior to joining MCE, Mr Tan was with Amtek Engineering Limited where he has been in the positions of production manager and program manager and has experience in leading both the manual stamping and progressive stamping sections. Mr Tan holds a Diploma in Manufacturing Engineering and an Advanced Diploma in Industrial Engineering and Management from Singapore Polytechnic. He also holds a Bachelor of Business, majoring in Business Administration, from RMIT University, Australia.

Chiu Hung Mo is the General Manager for our Wuxi and Suzhou, China operations. He oversees the day-to-day operations of the two plants focused on the hard disk-drive industry. In his previous employment with China Fineblanking Technology Co Ltd, he held the position of General Manager. Mr Chiu holds an Engineering Diploma from National Kaohsiung Institute of Technology (now known as National Kaohsiung University of Applied Sciences).

5-year Financial Highlights

SGD'000	2004	2005	2006	2007	2008
Group Profit and Loss					
Turnover	79,821	88,816	100,476	102,305	87,696
Profit / (Loss) before income tax	1,183	(3,308)	(4,597)	3,593	3,388
Net Profit / (Loss) to Shareholders	1,009	(2,577)	(3,849)	3,579	3,440
Earnings Per Share (cents)	0.90	(2.23)	(2.99)	2.39	2.29
Group Balance Sheet					
Property, Plant & Equipment	24,081	38,085	35,180	35,434	33,573
Current Assets	43,715	47,058	45,955	46,967	45,720
Current Liabilities	36,601	47,484	49,285	48,531	44,442
Non-current Liabilties	6,193	13,240	10,756	9,185	6,184
Shareholders' Equity	24,654	21,955	19,391	23,140	27,689



Corporate Governance Report

Metal Component Engineering Limited is committed to compliance with the principles of the Code of Corporate Governance 2005 as set out by Ministry of Finance. We believe that good corporate governance is essential in building a sound corporation with an ethical environment, thereby protecting the interests of all shareholders. This report sets out the Company's corporate governance practices.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board oversees the management of the business of the Group, including that of setting the overall strategy and direction. The principle functions of the Board are:

- review and approval of broad policies, key strategic and financial objectives and monitoring the performance of management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management and regulatory compliance;
- review and approval of interim and annual results;
- review and approval of business plans, annual budgets, major funding proposals, investment and divestment proposals;
- approval of nominations of the Board of Directors and appointment of key personnel; and
- assuming responsibility for corporate governance.

The Board conducts regular meetings and as required by particular circumstances. Physical meetings are held and the Company's Articles of Association allow for telephonic and videoconference meetings.

In the course of 2008, 5 board meetings were held and the attendance of each board member at the meetings were as follows:

Director	No. of Board meetings attended
Chua Kheng Choon	5
Chua Han Min	5
Tan Hock Lye	5
Tan Soo Yong	4
Lim Chin Tong	5
Ong Sim Ho	5
Wong Chee Wai	3

To assist the Board in executing its duties, the Board has delegated specific functions to the Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee. Their functions and duties are further elaborated in the following paragraphs.

Executive Committee

The Executive Committee currently comprises four executive Directors, namely Chua Kheng Choon, Chua Han Min, Tan Hock Lye and Tan Soo Yong. The Executive Committee is entrusted with the conduct of the Group's business and affairs. The Committee will monitor the effectiveness of the policies set down by the Board and where necessary, make further recommendations or changes to the policies in line with the Group's financial objectives.

The Executive Committee meets regularly, on an average of once a month.

Corporate Governance Report

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board has seven Directors, of which three are non-executive and independent. The criterion of independence is based on the definition provided in the Code. The Directors possess extensive business, financial, accounting and management experience. The profiles of the Directors are set out on Page 6. The Board considers an "independent" director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Group. With three of the Directors deemed to be independent, the Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective view on business issues.

The Nominating Committee would examine the Board's size, taking into account the scope and nature of the operations of the Group to consider its appropriateness to best facilitate effective decision making.

The Board's Independent Directors would also communicate regularly, without management presence, to discuss matters such as Group's performance, corporate governance and remuneration of Executive Directors etc., to facilitate a more effective check on management.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Chua Kheng Choon concurrently holds the position of Chairman of the Board and Chief Executive Officer. Mindful of the principle of independence of the Board, the Chairman delegates the executive functions of the Board to the three independent directors. Their independent assessments and recommendations are considered seriously by the Board as a whole, ensuring that conflicts of interests and overlapping of oversight functions are reduced to a minimum if not avoided altogether. Decisions taken by the Board are thus ensured to be taken wholly in the Company and its shareholders.

Lim Chin Tong is the Lead Independent Director. As the lead independent director, he will be available to shareholders where they have concerns which contact through the normal channels of the Chairman / CEO or Executive Directors have failed to resolve or for which such contact is inappropriate.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Nominating Committee

Board Membership

Our Nominating Committee comprises all Independent Directors, Lim Chin Tong (Chairman), Ong Sim Ho and Wong Chee Wai.

The Nominating Committee's primary function is to recommend all Board appointments and re-nominations. As prescribed in the Company's Articles of Association and recommended by the Code, one-third of the Directors are required to retire from office and be subject to re-election by shareholders at the Company's Annual General Meeting. In addition, our Nominating Committee is also responsible for:

- determining annually whether or not a Director is independent;
- deciding how our Board's performance is to be evaluated and propose objective performance criteria for the Board's approval;
- assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board; and
- deciding whether or not a Director is able to and has been adequately carrying our his duties as a Director.

The dates of initial appointment and last re-election of each Director, together with their directorship in listed companies are set out below:

Director	Appointment	Date of initial appointment	Date of last re-election	Directorship in listed companies
Chua Kheng Choon	Executive / Non-independent	22.12.1988	27.04.2007	Metal Component Engineering Limited
Chua Han Min	Executive / Non-independent	29.04.2003	22.04.2005	Metal Component Engineering Limited
Tan Hock Lye	Executive / Non-independent	22.12.1988	25.04.2008	Metal Component Engineering Limited
Tan Soo Yong	Executive / Non-independent	03.01.2005	27.04.2007	Metal Component Engineering Limited
Lim Chin Tong	Non-executive / Independent	05.02.2003	25.04.2008	Metal Component Engineering Limited Manufacturing Integration Technology Ltd FibreChem Technologies Ltd Fastube Limited MEC Resources Ltd Valuetronics Holding Ltd Rotol Singapore Ltd
Ong Sim Ho	Non-executive / Independent	04.11.2003	29.04.2006	Metal Component Engineering Limited Innovalues Precision Limited Eucon Holding Limited Sunningdale Tech Ltd
Wong Chee Wai	Non-executive / Independent	04.11.2003	29.04.2006	Metal Component Engineering Limited

The Nominating Committee has also reviewed and is satisfied that Lim Chin Tong and Ong Sim Ho, who sits on multiple boards, has been able to devote adequate time and attention to the affairs of the Company to fulfil their duties as Directors of the Company, in addition to their multiple board appointments.

The shareholdings of the individual Directors of the Company are set out on Page 16 in the Report of the Directors.

BOARD PERFORMANCE

Principle 5 : There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Nominating Committee, in considering the re-nomination of any Director, evaluates the contribution and performance of that Director on an annual basis. The assessment parameters include attendance, preparedness, participation and candour at meetings of the Board and Board Committees. In financial year 2008, the Nominating Committee met once to review the nomination of retiring Directors.

ACCESS TO INFORMATION

Principle 6 : In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

To facilitate the Board's responsibilities, management provides Board members with management accounts on a timely basis. Management regularly updates and report to the Board on the Company's operations and plans. The Directors have separate and independent access to the Company's management and Company Secretaries to facilitate access to any required information. The Company Secretaries attends all Board meetings and is responsible for ensuring that Board procedures as well as rules and regulations are complied with. Where the Directors, either individually or as a group, require independent professional advice in the furtherance of their duties, the Companies Secretaries will appoint a professional advisor to render advise and keep the Board informed of such advise, with such costs to be borne by the Company.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7 : There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

LEVEL AND MIX OF REMUNERATION

Principle 8 : The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Our Remuneration Committee comprises all Independent Directors, Wong Chee Wai, Lim Chin Tong and Ong Sim Ho. Wong Chee Wai is the Chairman of Remuneration Committee.

Our Remuneration Committee's primary responsibility is overseeing the general compensation of our employees with a goal to motivate, recruit and retain our employees and Directors through competitive compensation and progressive policies. Our Remuneration Committee will recommend to the Board of Directors a framework of remuneration for our Directors and key executives, and determine specific remuneration packages for each executive Director and the CEO.

Directors' fees are set in accordance with a remuneration framework comprising basic fees and committee fees. They are paid only after approval by shareholders at the AGM. The Chairman and members of the various Board Committees receive additional fees to take into account the nature of their responsibilities and the greater frequency of meetings. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package.

The Remuneration Committee is also responsible for overseeing the MCE Share Option Scheme and assists the Board in administering the ESOS in accordance with the guidelines set.

Share options have been granted under the ESOS on 24 August 2004 and 29 May 2007 and adequate disclosures have been made in the audited financial statements.

DISCLOSURE ON REMUNERATION

Principle 9 : Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The detailed of the remuneration of directors of the Group disclosed in bands for services rendered during the financial year ended 31 December 2008 as follows:

	Number of Directors	
	2008	2007
$500,000 to $750,000	1	1
$250,000 to $499,999	3	3
Below $249,999	3	3
Total	7	7

The remuneration bands of the Directors and key executives of the Group, (who are not Directors of the Company) for the financial year ended 31 December 2008 are as follows:

Remuneration Bands	Fees	Salary	Bonus	Other Benefits	Total
	%	%	%	%	%
$500,000 to <$750,000					
Director					
Chua Kheng Choon	-	63	34	3	100
$250,000 to <$500,000					
Directors					
Chua Han Min	-	65	32	3	100
Tan Hock Lye	-	81	14	5	100
Tan Soo Yong	-	82	14	4	100
Below $250,000					
Directors					
Lim Chin Tong	#	-	-	-	-
Ong Sim Ho	#	-	-	-	-
Wong Chee Wai	#	-	-	-	-
Key Executives					
Chiu Hung Mo	-	91	9	-	100
Lim Geok Lan Regina	-	81	19	-	100
Tan Wee Suan Mavis	-	93	7	-	100
Tan Yew Seng	-	93	7	-	100
Theng Long Chew	-	90	10	-	100

The Directors' Fees totaling $81,000 for Independent Directors has been proposed for shareholders approval in the annual general meeting. No payment for 2008 fees has been paid yet.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10 : The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects and other price sensitive public reports to the shareholders promptly.

The Management currently provides all members of the Board with regular management reports that present a balanced and understandable assessment of the Company's performance, position and prospects.

AUDIT COMMITTEE

Principle 11 : The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

INTERNAL CONTROLS

Principle 12 : The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Our Audit Committee comprises three members, all of whom are independent and non-executive Directors, namely Ong Sim Ho (Chairman), Lim Chin Tong and Wong Chee Wai. The Audit Committee members have had many years of experience in senior management positions in both the financial and industrial sectors. They have sufficient financial management expertise and experience to discharge the Audit Committee's functions.

Our Executive Directors will continue to manage the operations of our Group and our Audit Committee will provide the necessary checks and balances. Our Audit Committee will assist our Board of Directors in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group.

Our Audit Committee will also provide a channel of communication between our Board, our management and our external auditors on audit matters.

In particular, our Audit Committee will:

- review the audit plan, scope of work and results of the audit performed by internal and external auditors;
- review the independence and objectivity of the external auditors;
- review the financial statements and results announcements before submission to our Board for approval, focusing on compliance with accounting standards and compliance with the SGX-ST Listing Manual, and any other relevant statutory or regulatory requirements;
- review the co-operation given by our management to the internal and external auditors;
- recommend to the Board of Directors the external auditors to be nominated and approve the compensation of the external auditors,
- commission and review findings of auditors or internal investigations into matters where there is suspected fraud or irregularity, or failure of internal controls or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on our Group's operating results and/or financial position;
- review on interested person transactions (if any) falling within the scope of Chapter 9 of the SGX-ST Listing Manual; and
- review potential conflicts of interest, if any.

Our Audit Committee will meet, at a minimum, on a semi-annual basis. The Audit Committee had two meetings in financial year 2008.

INTERNAL AUDIT

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Company has outsourced its internal audit function. The Internal Auditor reports directly to the Chairman of the Audit Committee on audit matters. The Audit Committee will also review and approve the annual internal audit plans and resources to ensure that the internal audit has the necessary resources to perform its functions adequately.

COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

GREATER SHAREHOLDERS PARTICIPATION

Principle 15 : Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company ensures timely and adequate disclosure of information on matters of material impact to shareholders. Results and annual reports are announced or issued within the mandatory periods and are available on the Company's website at www.mce.com.sg. All shareholders of the Company receive the Annual Report and Notice of Annual General Meeting. The Notice is also advertised in a national newspaper. Shareholders are given the opportunity to participate at the Company's annual general meetings. The Board and Management are present at these meetings to address any questions that shareholders may have.

MATERIAL CONTRACTS

No material contracts were entered into between the Company or any of its subsidiaries involving the interests of any director or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year except for Director's remuneration and related party transactions as disclosed in Notes to the financial statements.

INTERESTED PERSON TRANSACTIONS

In compliance with Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Group confirms that there were no interested party transactions for the financial year ended 31 December 2008.

DEALING IN SECURITIES

The Company has issued an internal code on dealings in the Company's securities to the Directors and key employees (including employees with access to price-sensitive information to the Company's shares) of the Group. The Directors and key employees covered by this code are prohibited from dealing in the Company's securities at least four weeks before the announcement of the Group's half year and full year results until after the announcements.

DIRECTORS' REPORT

The directors of the Company are pleased to present their report together with the audited financial statements of Metal Component Engineering Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2008.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Executive Directors:
Chua Kheng Choon
Tan Hock Lye
Chua Han Min
Tan Soo Yong

Non-executive Independent Directors:
Lim Chin Tong
Ong Sim Ho
Wong Chee Wai

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except for the options right as mentioned in paragraph 5 below.

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital, share options and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Singapore Companies Act, Cap. 50 except as follows:

Name of directors and companies in which interest are held	Direct interest		Deemed interest	
	At 1.1.2008	At 31.12.2008	At 1.1.2008	At 31.12.2008
Metal Component Engineering Limited (the Company)	Ordinary shares			
Chua Kheng Choon	12,389,666	13,389,666	3,335,000	3,335,000
Tan Hock Lye	9,183,332	2,870,332	705,333	433,333
Chua Han Min	6,762,000	7,302,000	3,680,000	4,680,000
Tan Soo Yong	9,177,666	9,177,666	-	-
Lim Chin Tong	4,216,000	4,973,000	-	-

In addition to the above, certain directors have interests in the option of the Company as mentioned in paragraph 5 below. There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2009 except for the direct interest of Lim Chin Tong which was increased to 5,074,000 shares.

4. CONTRACTUAL BENEFITS OF DIRECTORS

Since the beginning of the financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Singapore Companies Act, Cap. 50, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest except as disclosed in the financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

On 4 November 2003, the Company adopted the MCE Share Option Scheme ("the MCE Scheme") which complies with the rules set out in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual. The MCE Scheme, which forms an integral component of its compensation plan, is designed with the following objectives:

i) to motivate eligible participants to optimise his/her performance standards and efficiency and to maintain a high level of contribution to the Group;

ii) to retain eligible participants whose contributions are essential to the long-term growth and prosperity of the Group;

iii) to instill loyalty, and a stronger identification by eligible participants with the long-term growth and profitability of the Group;

iv) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders; and

v) to align the interests of eligible participants with the interests of the shareholders.

Under the rules of the MCE Scheme, all directors (including non-executive directors) and employees of the Group are eligible to participate in the MCE Scheme. Controlling shareholders and their associates are not eligible to participate in the MCE Scheme.

The total number of shares over which options may be granted shall not exceed 15% of the issued ordinary share capital of the Company on the day preceding the date of the relevant grant.

The MCE Scheme is administered by the Remuneration Committee in accordance with the rules of the MCE Scheme. All members of the Remuneration Committee are independent directors. The number of options to be offered to a participant shall be determined at the discretion of the Remuneration Committee who shall take into account criteria such as the rank, length of service and performance of the participant provided always that the maximum entitlement of any participant, in accordance with and during the operation of the MCE Scheme, shall not exceed 20% in aggregate of the total number of Scheme Shares which have been issued and may be issued by the Company (including any shares which may be issued pursuant to adjustments, if any, under Rule 8) pursuant to the exercise of options under the MCE Scheme.

The exercise price for each share in respect of which an option is exercisable shall be determined by the Remuneration Committee at its absolute discretion and fixed by the Remuneration Committee:

i) at the prevailing market price of the Company's shares based on the average of the last dealt price per share determined by reference to the daily official list or other publication published by the SGX-ST for a period of 5 consecutive market days immediately preceding the relevant date of grant of such options ("Market Price"); or

ii) at a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed 20% of the Market Price, the discount must have been approved by the shareholders in a separate resolution.

5. **OPTIONS TO TAKE UP UNISSUED SHARES (continued)**

Options must be exercised before the expiry of 10 years and 5 years from the date of grant for holders of options who are executive directors or employees and non-executive directors respectively. The vesting period was one year from date of grant.

Activities under the Scheme are as follows:

Year 2008 Date of grant	Balance at 1.1.2008	Granted	Cancelled/ lapsed	Balance at 31.12.2008		Exercise price SGD	Exercise period
24.8.2004	1,650,000	-	(200,000)	1,450,000	(i)	0.216	24.8.2005 to 23.8.2014
24.8.2004	300,000	-	-	300,000	(ii)	0.216	24.8.2005 to 23.8.2009
29.5.2007	5,750,000	-	(750,000)	5,000,000	(i)	0.09	29.5.2008 to 28.5.2017
29.5.2007	800,000	-	-	800,000	(ii)	0.09	29.5.2008 to 28.5.2012
	8,500,000	-	(950,000)	7,550,000			

Year 2007 Date of grant	Balance at 1.1.2007	Granted	Cancelled/ lapsed	Balance at 31.12.2007		Exercise price SGD	Exercise period
24.8.2004	1,700,000	-	(50,000)	1,650,000	(i)	0.216	24.8.2005 to 23.8.2014
24.8.2004	300,000	-	-	300,000	(ii)	0.216	24.8.2005 to 23.8.2009
29.5.2007	-	5,750,000	-	5,750,000	(i)	0.09	29.5.2008 to 28.5.2017
29.5.2007	-	800,000	-	800,000	(ii)	0.09	29.5.2008 to 28.5.2012
	2,000,000	6,550,000	(50,000)	8,500,000			

(i) for Executive directors and employees
(ii) for Non-executive directors

5. **OPTIONS TO TAKE UP UNISSUED SHARES (continued)**

The following table summarises information about directors' share options outstanding at 31 December 2008:

Name of participants	Options granted during the financial year	Aggregate options granted since commencement of scheme to 31.12.2008	Aggregate options exercised since commencement	Aggregate options lapsed since commencement of scheme to 31.12.2008	Aggregate options outstanding as at 31.12.2008
Directors of the Company					
Executive Directors:					
Chua Kheng Choon	-	1,700,000	-	-	1,700,000
Tan Hock Lye	-	1,000,000	-	-	1,000,000
Chua Han Min	-	1,400,000	-	-	1,400,000
Tan Soo Yong	-	900,000	-	-	900,000
Non-executive Independent Directors:					
Lim Chin Tong	-	400,000	-	-	400,000
Ong Sim Ho	-	350,000	-	-	350,000
Wong Chee Wai	-	350,000	-	-	350,000
Sub-total	-	6,100,000	-	-	6,100,000
Directors and controlling shareholders of the Company:	-	-	-	-	-
Directors and associates of controlling shareholders of the Company:	-	-	-	-	-
Total	-	6,100,000	-	-	6,100,000

No participant has received 5% or more of the total number of the options available under the Scheme except for the above directors.

Same as disclosed above, there were no unissued shares of the Company or its subsidiaries under option as at the end of the financial year.

6. **OPTIONS EXERCISED**

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

7. **UNISSUED SHARES UNDER OPTION**

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option except as mentioned in the paragraph 5 above.

8. AUDIT COMMITTEE

The members of the audit committee at the date of this report are as follows:

Ong Sim Ho	(Chairman of audit committee, independent and non-executive director)
Lim Chin Tong	(Independent and non-executive director)
Wong Chee Wai	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B(5) of the Singapore Companies Act, Cap. 50. Among others, it performed the following functions:

- Reviewed with the external auditors, the external audit plan;
- Reviewed with the external auditors their evaluation of the Company's internal accounting control, and their report on the financial statements and the assistance given by the Company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX-ST).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report.

The audit committee has recommended to the board of directors that the auditors, Paul Wan & Co., a member firm of Morison International, be nominated for re-appointment as auditors at the next annual general meeting of the Company.

9. INDEPENDENT AUDITORS

The independent auditors, Paul Wan & Co., a member firm of Morison International, have expressed their willingness to accept re-appointment.

10. SUBSEQUENT DEVELOPMENTS

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 23 February 2009, which would materially affect the Group's and the Company's operating and financial performances as of the date of this report.

On behalf of the directors

Chua Kheng Choon
Director

Chua Han Min
Director

SINGAPORE
27 February 2009

STATEMENT BY DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company as set out on pages 24 to 71 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Chua Kheng Choon
Director

Chua Han Min
Director

SINGAPORE
27 February 2009

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
METAL COMPONENT ENGINEERING LIMITED

We have audited the accompanying financial statements of Metal Component Engineering Limited, (the "Company") and its subsidiaries (the "Group") which comprise the balance sheet of the Company and of the Group as at 31 December 2008, the statements of changes in equity of the Company and of the Group, the consolidated income statement, and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguard against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF
METAL COMPONENT ENGINEERING LIMITED

Opinion

In our opinion,

(a) the balance sheet and the statement of changes in equity of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

PAUL WAN & CO
Certified Public Accountants, Singapore
A member firm of Morison International

Wan Tong Chee Paul
Partner

SINGAPORE
27 February 2009

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	The Group 2008 SGD	The Group 2007 SGD
Revenue	4	87,696,335	102,304,878
Other income	5	538,503	216,752
Raw materials and consumables used		(51,493,251)	(58,321,437)
Changes in inventories of finished goods and work-in-progress		844,108	(1,514,334)
Employee benefits expense	6	(15,284,819)	(17,124,205)
Depreciation expense		(4,233,499)	(4,405,870)
Other charges	7	(580,421)	(667,610)
Finance costs	8	(1,520,581)	(1,979,023)
Other expenses		(12,578,025)	(14,916,459)
Profit before tax	9	3,388,350	3,592,692
Income tax credit/(expense)	10	18,052	(159,441)
Profit for the year		3,406,402	3,433,251
Profit attribute to :			
Equity holders of parent, net of tax		3,439,879	3,579,436
Minority interests, net of tax		(33,477)	(146,185)
		3,406,402	3,433,251
(Expressed in cents per share)			
Earnings per share (Basic)	27	2.29	2.39
Earnings per share (Diluted)	27	2.29	2.39

The notes set out on pages 31 to 71 form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	The Group 2008 SGD	The Group 2007 SGD	The Company 2008 SGD	The Company 2007 SGD
ASSETS					
Non-current assets					
Property, plant and equipment	11	33,572,810	35,434,484	2,992,617	3,286,935
Investment property	12	-	-	1,201,988	1,228,126
Investment in subsidiaries	13	-	-	24,164,190	25,145,510
Other assets	14	118,190	118,190	88,500	88,500
Investment (available-for-sale)	15	327,075	-	-	-
Other receivable	17	173,680	-	-	-
Total non-current assets		34,191,755	35,552,674	28,447,295	29,749,071
Current assets					
Inventories	16	12,746,537	10,599,044	1,028,409	1,704,360
Trade and other receivables	17	23,429,269	28,304,832	82,036,057	63,990,119
Assets classified as held for sale	18	470,076	219,421	-	-
Cash and cash equivalents	19	9,074,304	7,843,301	3,759,104	690,097
Total current assets		45,720,186	46,966,598	86,823,570	66,384,576
Total assets		79,911,941	82,519,272	115,270,865	96,133,647
EQUITY AND LIABILITIES					
Equity					
Share capital	20	18,171,227	18,171,227	18,171,227	18,171,227
Retained earnings		7,504,924	4,615,217	2,828,162	534,058
Other reserves		2,012,940	353,224	216,150	172,723
Equity attributable to equity holders of the parent		27,689,091	23,139,668	21,215,539	18,878,008
Minority interest		1,596,945	1,662,990	-	-
Total equity		29,286,036	24,802,658	21,215,539	18,878,008
Non-current liabilities					
Deferred tax	10	546,632	691,051	33,613	-
Long-term borrowings	23	4,502,092	6,828,816	4,502,092	6,692,538
Finance leases	24	1,135,241	1,665,312	1,118,560	1,551,273
Total non-current liabilities		6,183,965	9,185,179	5,654,265	8,243,811

BALANCE SHEETS

AS AT 31 DECEMBER 2008

	Note	The Group		The Company	
		2008	2007	2008	2007
		SGD	SGD	SGD	SGD
Current liabilities					
Income tax payables		10,470	18,877	-	-
Trade and other payables	25	22,812,134	27,933,995	72,046,846	55,033,860
Short-term borrowings	26	18,515,287	17,158,262	13,481,148	11,027,415
Long-term borrowings	23	1,831,875	2,235,910	1,697,045	1,941,302
Finance leases	24	1,272,174	1,184,391	1,176,022	1,009,251
Total current liabilities		44,441,940	48,531,435	88,401,061	69,011,828
Total liabilities		50,625,905	57,716,614	94,055,326	77,255,639
Total equity and liabilities		79,911,941	82,519,272	115,270,865	96,133,647

The notes set out on pages 31 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The Group

	Share capital SGD	Retained earnings SGD	Share option reserve SGD	Translation reserve SGD	Other reserves SGD	Minority interest SGD	Total equity SGD
Opening balance at 01/01/2008	18,171,227	4,615,217	172,723	(831,000)	1,011,501	1,662,990	24,802,658
Foreign currency translation*	-	-	-	1,216,117	-	(32,568)	1,183,549
Net income recognised directly in equity	-	-	-	1,216,117	-	(32,568)	1,183,549
Profit for the year	-	3,439,879	-	-	-	(33,477)	3,406,402
Total recognised income for the year	-	3,439,879	-	1,216,117	-	(66,045)	4,589,951
Dividend (Note 28)	-	(150,000)	-	-	-	-	(150,000)
Share-based payments (Note 22)	-	-	43,427	-	-	-	43,427
Transfer to other reserves (Note 21)	-	(400,172)	-	-	400,172	-	-
Closing balance at 31/12/2008	18,171,227	7,504,924	216,150	385,117	1,411,673	1,596,945	29,286,036
			(a), (c)	(a)	(a), (b)		
Opening balance at 01/01/2007	18,171,227	1,481,440	71,608	(898,653)	565,842	1,800,734	21,192,198
Foreign currency translation*	-	-	-	67,653	-	8,441	76,094
Net income recognised directly in equity	-	-	-	67,653	-	8,441	76,094
Profit for the year	-	3,579,436	-	-	-	(146,185)	3,433,251
Total recognised income for the year	-	3,579,436	-	67,653	-	(137,744)	3,509,345
Share-based payments (Note 22)	-	-	101,115	-	-	-	101,115
Transfer to other reserves (Note 21)	-	(445,659)	-	-	445,659	-	-
Closing balance at 31/12/2007	18,171,227	4,615,217	172,723	(831,000)	1,011,501	1,662,990	24,802,658
			(a), (c)	(a)	(a), (b)		

The notes set out on pages 31 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The Company

	Share capital	Retained earnings/ (accumulated losses)	Share option reserve	Total equity
	SGD	SGD	SGD	SGD
Opening balance at 01/01/2008	18,171,227	534,058	172,723	18,878,008
Profit for the year	-	2,444,104	-	2,444,104
Total recognised income for the year	-	2,444,104	-	2,444,104
Share-based payments	-	-	43,427	43,427
Dividend (Note 28)	-	(150,000)	-	(150,000)
Closing balance at 31/12/2008	18,171,227	2,828,162	216,150	21,215,539
			(a), (c)	
Opening balance at 01/01/2007	18,171,227	(5,099,768)	71,608	13,143,067
Profit for the year	-	5,633,826	-	5,633,826
Total recognised income for the year	-	5,633,826	-	5,633,826
Share-based payments	-	-	101,115	101,115
Closing balance at 31/12/2007	18,171,227	534,058	172,723	18,878,008
			(a), (c)	

* This represents net gains and losses for the year not recognised in the income statement.

(a) Not available for distribution

(b) See Note 21

(c) See Note 22

The notes set out on pages 31 to 71 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	The Group 2008 SGD	2007 SGD
Cash flows from operating activities			
Profit before income tax		3,388,350	3,592,692
Adjustment for:			
Depreciation expense	11	4,233,499	4,405,870
(Gain)/Loss on disposal of plant and equipment	11	(381,757)	5,646
Interest income		(32,228)	(49,462)
Interest expense		1,520,581	1,979,023
Reversal of impairment loss on plant and equipment		-	(57,664)
Reversal of impairment loss on other assets		-	(20,500)
Gain on disposal of subsidiary		(9,692)	(3,000)
Reversal of provision for share-based payment expenses		(20,529)	-
Share-based payment expense		63,956	101,115
Operating profit before working capital changes		8,762,180	9,953,720
Cash restricted in use	19	(246,531)	(139,507)
Inventories		(2,147,493)	1,969,729
Trade and other receivables		5,029,669	(3,699,473)
Trade and other payables		(5,118,446)	(872,671)
Cash generated from operations		6,279,379	7,211,798
Income tax paid		(112,462)	(106,207)
Net cash generated from operating activities		6,166,917	7,105,591
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		804,833	71,848
Purchase of property, plant and equipment	11	(2,100,680)	(2,001,010)
Proceeds from disposal of subsidiary		12,622	3,000
Interest received		32,228	49,462
Net cash used in investing activities		(1,250,997)	(1,876,700)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	The Group 2008 SGD	The Group 2007 SGD
Cash flows from financing activities			
Repayment of borrowings		(2,069,707)	(2,471,914)
Repayment of finance leases		(1,340,022)	(1,362,241)
Interest paid		(1,520,581)	(1,979,023)
Dividend paid		(150,000)	-
Net cash used in financing activities		(5,080,310)	(5,813,178)
Net effect of exchange rate changes in consolidating subsidiaries		452,890	28,729
Net increase/(decrease) in cash and cash equivalents		288,500	(555,558)
Cash and cash equivalents at beginning of year		6,327,647	6,883,205
Cash and cash equivalents at end of year	19	6,616,147	6,327,647

The notes set out on pages 31 to 71 form an integral part of these financial statements.

1. GENERAL

The Company is incorporated in Singapore. The financial statements are presented in Singapore dollars. They are drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and the Singapore Financial Reporting Standards. The financial statements were approved and authorised for issue by the board of directors on 27 February 2009.

The principal activities of the Company consist of metal stamping and manufacturing of tools and fixtures. It is listed on the SGX-Catalist ("formerly known as Stock Exchange of Singapore Dealing and Automated Quotation System ("SESDAQ").

The principal activities of the subsidiaries are described in Note 13 below.

The registered office is located at 15 Senoko South Road, Singapore 758076. The Company is domiciled in Singapore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of financial assets and financial liabilities as disclosed where appropriate in these financial statements.

Basis of Consolidation

The consolidation accounting method is used for the consolidated financial statements which include the financial statements made up to the balance sheet date each year of the Company and of those companies in which it holds, directly or indirectly through subsidiaries, over 50 percent of the shares and voting rights (its subsidiaries including special purpose entities). The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The results of the investees acquired or disposed off during the financial year are consolidated from the respective dates of acquisition or up to the dates of disposal. On disposal the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

Basis of Preparation

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgments in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgments, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote.

The accounting policies have been consistently applied by the Group and the Company with those used in the previous financial year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Standards and Interpretations Not Yet Adopted

The Group has not adopted the following FRS and INT FRS that have been issued but not yet effective:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 1	Presentation of Financial Statements – Revised Presentation Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	Borrowings Costs	1 January 2009
FRS 27	Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	Financial Instruments: Presentation – Amendment relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 101	Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	Share-based Payments – Vesting Conditions and Cancellations	1 January 2009
FRS 108	Operating Segments	1 January 2009

The directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 1 and the FRS 108 as indicated below.

FRS 1, Presentation of Financial Statements – Revised Presentation
The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity will be presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt the revised FRS 1 from annual period beginning 1 January 2009.

FRS 108, Operating Segments
FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosure is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

Cash and Cash Equivalents
Cash and cash equivalents include bank and cash balances and any highly liquid debt instruments purchased with an original maturity of three months or less. Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts payable on demand that form an integral part of cash management and cash subject to restriction. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

Trade Receivables
After initial recognition at fair value, trade receivables are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant. Trade receivables are stated after provision for impairment. A trade receivable amount is regarded as impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of trade receivables are assumed to approximate their fair value. Normally no interest is charged on trade receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and Other Receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, not held for trading, not designated on initial recognition as assets at fair value through profit or loss or as available-for-sale. Loans and receivables that are not substantially recoverable, other than because of credit deterioration, are classified as available-for-sale. Items with a short duration are not discounted. After initial recognition such financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for the non-current financial assets that are loans and receivables which are measured at amortised cost using the effective interest method less allowance for impairment. These items are included in the balance sheet in trade and other receivables as current assets or as non-current assets where the maturities are greater than 12 months after the balance sheet date.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. A write down on cost is made for where the cost is not recoverable or if their selling prices have declined.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entities that are controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. In the Company's own separate financial statements, the investments in subsidiaries are stated at cost less any allowance for impairment in value. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

Available-for-Sale Financial Assets

Available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statements.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market prices at the closed of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less impairment losses.

Business Combinations

Business combinations are accounted for by applying the purchase method. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus any costs directly attributable to the business combination. Any excess of the cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised is accounted for as goodwill. The excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is accounted for as "negative goodwill". The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell. After initial impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss in respect of goodwill is not reversed. For negative goodwill a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Minority Interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with equity holders. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

Property, Plant and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

	Estimated useful lives
Leasehold land and buildings	Over the lease term of 22 to 60 years
Building improvement	3 years
Plant and equipment	2 to 10 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses except for the revalued items as described below. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and recognised in profit or loss.

Investment Properties

Investment properties include those portions of office buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciate amounts over the estimated useful lives of 60 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet. The effects of any revision are included in the income statement when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to the income statement. The cost of maintenance, repairs and minor improvement is charged to the income statement when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Non-Financial Assets

At each reporting date an assessment is made whether there is any indication that a depreciable or amortisable asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The impairment loss is the excess of the carrying amount over the recoverable amount and recognised in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

- *Assets carried at amortised cost*

  If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

  If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

- *Assets carried at cost*

  If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

Non-Current Assets Held for Sale

A non-current asset (or disposal group) is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use such as where the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and the sale is highly probable and expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets' previous carrying amount and fair value less costs to sell.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Liabilities

Financial liabilities including bank and other borrowings when recognised initially are measured at fair value plus, in the case of items not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition these are measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are measured at fair value. Liabilities are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Liabilities and Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These include trade and other payables and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Leases

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset.

The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Share Capital

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Where the Company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed off. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders and no gain or loss is recognised in the income statement.

Fair Value of Financial Instruments

The carrying values of current financial assets and financial liabilities including cash, accounts receivable, short-term borrowings, accounts payable approximate their fair values due to the short-term maturity of these instruments. The fair values of long-term debts are not disclosed unless there are significant items at the end of the year and are disclosed in the relevant notes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the entity and it is shown net of related tax, estimated returns, discounts and volume rebates. Revenue from sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue and profits from sale of tooling are recognised by reference to the stage of completion based on completion of physical proportion of the contract work activity. Interest revenue is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset. Dividend revenue from investments is recognised when the shareholder's right to receive the dividend is legally established.

Foreign Currency Transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances measured at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement.

The foreign entities determine the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the consolidated financial statements the assets and liabilities denominated in currencies other than the functional currency of the Company are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are accumulated in a separate component of equity until the disposal of the foreign entity.

Borrowings Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds costs are recognised as an expense in the period in which they are incurred except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest expense is calculated using the effective interest rate method.

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from (a) goodwill for which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability is not recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures because (a) the Company is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee Benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. This includes the government managed retirement benefit plan such as the Central Provident Fund in Singapore. For employee leave entitlement the expected costs of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

Share-Based Compensation

For the equity-settled share-based compensation transactions, the fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed on a straight-line basis over the vesting period is determined by reference to the fair value of the options granted excluding the effect of non-market conditions such as profitability and sales growth targets. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Critical Judgments, Assumptions and Estimation Uncertainties

The critical judgments made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Critical accounting judgments:

- *Allowances for Doubtful Accounts*

  An allowance is for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in our customer payment terms when making a judgment to evaluate the adequacy of the allowance for doubtful accounts. At the balance sheet date, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date.

- *Income Tax*

  The Group operates in various countries. Significant judgment is required in determining whether items are subject to withholding tax and double taxation relief. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Judgments, Assumptions and Estimation Uncertainties (continued)

Critical accounting judgments: (continued)

- *Deferred Incomes Tax*
  Management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is probable that sufficient taxable income will be available in the future against which the temporary differences are unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised.

Critical assumptions and estimation uncertainties:

- *Inventory Related Allowances*
  A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for products. Possible changes in these estimates could result in revisions to the valuation of inventory.

- *Useful Lives of Plant and Equipment*
  The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The depreciation charge is increased when useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or non-strategic assets that have been abandoned or sold.

- *Estimated Impairment of Subsidiary*
  When a subsidiary is in net equity deficit and has suffered operating losses, a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgment. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow.

3. RELATED PARTY TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

3.1 Related companies:
Related companies in these financial statements refer to members of the Group.

These are transactions and arrangements between the Company and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances, an interest is imputed based on the cost of borrowing less the interest, rate if any, provided in the agreement for the balance.

Intragroup transactions and balances that have been eliminated in the consolidated financial statements are not disclosed as related party transactions.

3. RELATED PARTY TRANSACTIONS (continued)

3.2 Key management compensation:

	2008	2007
	SGD	SGD
Salaries and other short-term employee benefits	2,083,356	2,122,057
Share-based compensation	63,956	101,115

The above amounts are included under employee benefits expense. Included in the above was remuneration to directors of the Company amounting to SGD1,424,743 (2007: SGD1,420,361) and directors' fee of SGD81,000 (2007: SGD81,000). The 2008 directors' fee are payable subject to shareholders' approval at the forthcoming Annual General Meeting.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amount is for all the directors and five (2007: five) other key management personnel.

4. REVENUE

	The Group	
	2008	2007
	SGD	SGD
Sales of goods	84,279,957	99,195,968
Sales of scrap	3,416,378	3,108,910
	87,696,335	102,304,878

5. OTHER INCOME

	The Group	
	2008	2007
	SGD	SGD
Sundry income	506,275	167,290
Interest income from outside parties	32,228	49,462
	538,503	216,752

6. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2008	2007
	SGD	SGD
Employee benefits expense including directors	14,190,108	15,855,620
Contributions to defined contribution plans	1,094,711	1,268,585
Presented as employee benefits expense in income statement	15,284,819	17,124,205
Share-based compensation included in other charges	63,956	101,115
	15,348,775	17,225,320

7. OTHER CHARGES

	The Group	
	2008	2007
	SGD	SGD
(Gain)/Loss on disposal of plant and equipment	(381,757)	5,646
(Reversal of)/Allowance for impairment on inventories	(26,608)	244,637
Gain on disposal of subsidiary	(9,692)	(3,000)
Reversal of allowance for impairment on plant and equipment	-	(57,664)
Share-based compensation	63,956	101,115
Reversal of provision for share-based compensation	(20,529)	-
Bad debts written off - trade receivables	-	1,993
Foreign exchange transaction loss	987,083	390,804
(Reversal of)/Allowance for impairment on trade receivables	(32,032)	4,579
Reversal of allowance for impairment on other assets	-	(20,500)
	580,421	667,610

8. FINANCE COSTS

	The Group	
	2008	2007
	SGD	SGD
Interest expense to non-related companies	1,520,581	1,979,023

9. ITEMS INCLUDED IN THE INCOME STATEMENT

In addition to the charges and credits disclosed elsewhere in the notes, this item includes the following charges:-

	The Group	
	2008	2007
	SGD	SGD
Non-audit fees payable to auditors included in other expense		
- Other auditors	16,393	15,804

10. INCOME TAX (CREDIT)/EXPENSE

		The Group	
		2008	2007
		SGD	SGD
Income tax	- current	111,204	131,610
	- over provision in prior years	(3,829)	(6,871)
Deferred tax		(125,427)	34,702
Total income tax expense		(18,052)	159,441

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2007: 18%) to profit before income tax as a result of the following differences:-

	The Group	
	2008	2007
	SGD	SGD
Profit before income tax	3,388,350	3,592,692
Income tax benefit at statutory rate	609,903	646,685
Non-allowable items	(159,172)	308,092
Income not subject to tax	(10,937)	(923,819)
Investment allowance utilised	(248,733)	(336,530)
Over provision in prior years	(3,829)	(6,871)
Deferred tax assets not recognised	199,928	324,158
Effect of changes in tax rate	(23,487)	-
Exemption and rebates	(696,934)	(994,857)
Utilisation of deferred tax assets previously not recognised	(350,195)	(364,859)
Differences in effective tax rates of overseas subsidiaries	620,355	1,509,778
Other items	45,049	(2,336)
Total income tax expense	(18,052)	159,441

The corporate income tax rate applicable to Malaysian companies of the Group was reduced to 26% for the year of assessment 2009 from 27% for year of assessment 2008.

10. INCOME TAX EXPENSE (continued)

The deferred tax amounts are as follows:

	Balance Sheet		Net change in income statement	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
The Group				
Deferred tax liabilities:				
Excess of carrying amount of plant and equipment	546,632	691,051	(144,419)	34,889
Total deferred tax liabilities	546,632	691,051	(144,419)	34,889
Deferred tax assets:				
Tax losses carry forward	521,740	516,179	5,561	(628,837)
Wear & tear allowances carry forward	44,769	48,140	(3,371)	(1,782)
Double deduction claim	4,680	4,680	-	680
Others	(56,272)	36,519	(92,791)	(76,447)
Deferred tax assets not recognised	(514,917)	(605,518)	90,601	706,386
Foreign exchange adjustments	-	-	18,992	(187)
Total deferred tax assets	-	-	18,992	(187)
Net total of deferred tax liabilities	546,632	691,051	(125,427)	34,702
Presented in the balance sheet as follows:				
Deferred tax liabilities	546,632	691,051		
The Company				
Deferred tax liabilities:				
Excess of carrying amount of plant and equipment	33,613	(18,471)	52,084	(262,472)
Total deferred tax liabilities	33,613	(18,471)	52,084	(262,472)
Deferred tax assets:				
Tax losses carry forward	407,897	442,288	(34,391)	(405,400)
Double deduction claim	4,680	4,680	-	680
Deferred tax assets not recognised	(412,577)	(465,439)	52,862	142,248
Total deferred tax assets	-	(18,471)	18,471	(262,472)
Net total of deferred tax liabilities	33,613	-	33,613	-
Presented in the balance sheet as follows:				
Deferred tax liabilities	33,613	-		
Net total of deferred tax liabilities	33,613	-		

10. INCOME TAX EXPENSE (continued)

An allowance is made to the extent that it is probable that taxable profit will be available against which the unused tax losses carried forward can be utilised. The realisation of the future income tax benefits from tax losses carry forward and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. Where provision for deferred tax arising from temporary differences has been offset against the above tax loss carried forward, such provision for deferred tax will be required to be set up when the tax losses are utilised in the future.

The deferred tax arises as a result of the excess of net book value over the tax written down value of fixed assets.

In respect of the subsidiaries in PRC, under the Income Tax Law of the PRC concerning Foreign Investment Enterprises and Foreign Enterprises and various income tax laws, foreign investments enterprises are subject to the statutory income tax rate of 25% (2007: 33% (30% state income tax plus 3% local income tax)) unless the enterprises are located in specially designated regions or cities in which more favorable tax rates will apply. The subsidiaries are entitled to income tax exemption for the two years commencing from the first profitable year (after deducting losses carried forward) and a 50% reduction for the succeeding three years. One of the subsidiary is entitled to income tax exemption in YA 2009 and 50% reduction for the succeeding two years based on a special exemption granted by the government.

There are no income tax consequences of dividends to shareholders of the Company.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

11. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and properties SGD	Plant and equipment SGD	Total SGD
Cost:			
At beginning of year 1 January 2008	23,665,572	51,187,990	74,853,562
Foreign exchange adjustments	191,030	400,453	591,483
Additions	96,793	2,901,621	2,998,414
Disposal/Written off	-	(2,300,103)	(2,300,103)
Arising from disposal of subsidiary	-	(45,833)	(45,833)
Reclassification as held for sales	-	(7,115,379)	(7,115,379)
At end of year 31 December 2008	23,953,395	45,028,749	68,982,144
Accumulated depreciation and accumulated impairment loss:			
At beginning of year 1 January 2008	6,295,192	33,123,886	39,419,078
Foreign exchange adjustments	(90,712)	(21,025)	(111,737)
Depreciation for the year	1,058,222	3,175,277	4,233,499
Disposal/Written off	-	(1,990,638)	(1,990,638)
Arising from disposal of subsidiary	-	(35,500)	(35,500)
Reclassification as held for sales	-	(6,105,368)	(6,105,368)
At end of year 31 December 2008	7,262,702	28,146,632	35,409,334
Carrying amount:			
At end of year 31 December 2008	16,690,693	16,882,117	33,572,810

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group	Leasehold land and properties SGD	Plant and equipment SGD	Total SGD
Cost:			
At beginning of year 1 January 2007	23,650,189	49,500,042	73,150,231
Foreign exchange adjustments	26,118	46,500	72,618
Additions	23,224	4,510,782	4,534,006
Disposal/Written off	(33,959)	(2,869,334)	(2,903,293)
At end of year 31 December 2007	23,665,572	51,187,990	74,853,562
Accumulated depreciation and accumulated impairment loss:			
At beginning of year 1 January 2007	5,979,115	31,990,949	37,970,064
Foreign exchange adjustments	9,382	15,478	24,860
Depreciation for the year	336,540	4,069,330	4,405,870
Disposal/Written off	(29,845)	(2,795,953)	(2,825,798)
Reversal of impairment loss	-	(155,918)	(155,918)
At end of year 31 December 2007	6,295,192	33,123,886	39,419,078
Carrying amount:			
At end of year 31 December 2007	17,370,380	18,064,104	35,434,484
The Company			
Cost:			
At beginning of year 1 January 2008	3,195,000	5,663,477	8,858,477
Additions	-	376,620	376,620
Transfer to subsidiaries	-	(347,328)	(347,328)
Disposal/Written off	-	(341,340)	(341,340)
At end of year 31 December 2008	3,195,000	5,351,429	8,546,429
Accumulated depreciation:			
At beginning of year 1 January 2008	738,748	4,832,794	5,571,542
Transfer to subsidiaries	-	(200,863)	(200,863)
Disposal/Written off	-	(268,964)	(268,964)
Depreciation for the year	52,276	399,821	452,097
At end of year 31 December 2008	791,024	4,762,788	5,553,812
Carrying amount:			
At end of year 31 December 2008	2,403,976	588,641	2,992,617

11. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company	Leasehold land and properties SGD	Plant and equipment SGD	Total SGD
Cost:			
At beginning of year 1 January 2007	4,792,499	8,359,187	13,151,686
Additions	-	763,603	763,603
Transfer to subsidiaries	-	(1,483,697)	(1,483,697)
Reclassified to investment property	(1,597,499)	-	(1,597,499)
Disposal/Written off	-	(1,975,616)	(1,975,616)
At end of year 31 December 2007	3,195,000	5,663,477	8,858,477
Accumulated depreciation:			
At beginning of year 1 January 2007	1,029,730	6,866,960	7,896,690
Transfer to subsidiaries	-	(613,603)	(613,603)
Reclassified to investment property	(369,373)	-	(369,373)
Disposal/Written off	-	(1,950,073)	(1,950,073)
Depreciation for the year	78,391	529,510	607,901
At end of year 31 December 2007	738,748	4,832,794	5,571,542
Carrying amount:			
At end of year 31 December 2007	2,456,252	830,683	3,286,935

Certain items are under finance lease agreements (see Note 24).

The Group's and the Company's leasehold properties with carrying amount of SGD11,944,825 and SGD3,605,964 (2007: SGD12,435,880 and SGD3,684,378) respectively are mortgaged to banks as security for banking facilities as disclosed in Notes 23, 26 and 30.

12. INVESTMENT PROPERTY

The Company

	SGD
Cost:	
At beginning of year 1 January 2008	1,597,499
At end of year 31 December 2008	1,597,499
Accumulated depreciation:	
At beginning of year 1 January 2008	369,373
Depreciation for the year	26,138
At end of year 31 December 2008	395,511
Carrying amount:	
At end of year 31 December 2008	1,201,988
Cost:	
At beginning of year 1 January 2007	-
Reclassified from property, plant and equipment	1,597,499
At end of year 31 December 2007	1,597,499
Accumulated depreciation:	
At beginning of year 1 January 2007	-
Reclassified from property, plant and equipment	343,243
Depreciation for the year	26,130
At end of year 31 December 2007	369,373
Carrying amount:	
At end of year 31 December 2007	1,228,126

Investment property is carried at cost at the balance sheet date. At end of year, there was no impairment loss of the investment property as the management is are of the opinion that fair value was higher than the net carrying amount.

In year 2008, the rental income received by the Company from one of its subsidiaries was SGD840,000 (2007: SGD840,000) and the direct operating expense arising from this investment property was SGD10,444 (2007: SGD10,200).

The investment property is mortgaged to banks as security for boorrowings as disclosed in Note 23 and Note 26.

13. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2008	2007
	SGD	SGD
Unlisted equity shares at cost to Company	27,513,017	27,513,017
Less: Allowance for impairment	(3,348,827)	(2,367,507)
Total at cost	24,164,190	25,145,510
Movements in allowance for impairment:		
Balance at beginning of year	2,367,507	5,275,270
Charged/(Reversed) to income statement included in other (credits)/charges	981,320	(2,907,763)
Balance at end of year	3,348,827	2,367,507

The investment is carried at cost less allowance for impairment.

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost in books of Group		Effective percentage of equity held by Group	
	2008	2007	2008	2007
	SGD	SGD	%	%
Metal Precision Services Pte Ltd [(a)] Singapore Provision of services relating to metal wire cutting and milling	231,001	231,001	100	100
MCE Technologies Sdn Bhd [(b)] Malaysia Metal stamping and manufacturing of tools and fixtures	463,197	463,197	100	100
MCE Manufacturing Sdn Bhd [(b)] Malaysia Manufacturing of metal components	232,003	232,003	100	100
Metal Component Engineering (Shanghai) Co., Ltd [(c)] The People's Republic of China Metal stamping and manufacturing of tools and fixtures	980,126	980,126	100	100
Metal Component Technologies (Wuxi) Co., Ltd [(c)] The People's Republic of China Metal stamping and manufacturing of tools and fixtures	4,018,096	4,018,096	100	100
MCE Industries (Shanghai) Co., Ltd [(c)] The People's Republic of China Metal stamping and manufacturing of tools and fixtures	9,690,175	9,690,175	100	100

13. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiaries, country of incorporation, place of operations and principal activities	Cost in books of Group		Effective percentage of equity held by Group	
	2008	2007	2008	2007
	SGD	SGD	%	%
MCE Industries (Thailand) Co., Ltd [d] Thailand Manufacturing and distribution of computer and chassis	9,498,077	9,498,077	80.3	80.3
Metal Computer Component (Suzhou) Limited [c] The People's Republic of China Metal stamping and plating related activities	2,400,342	2,400,342	100	100
Total	27,513,017	27,513,017		
Held by subsidiary:				
Metal Precision Services (India) Private Limited [e] India Designing of precision engineering tools and fixtures	-	3,917	-	100

(a) Audited by Paul Wan & Co., a member firm of Morison International.

(b) Audited by SQ Morison, a member firm of Morison International.

(c) Audited by Shanghai Gong Xin Zhong Nan Certified Public Accountants, a member firm of Morison International.

(d) Audited by Morison CKS Company Limited, a member firm of Morison International.

(e) Held by subsidiary, Metal Precision Services Pte Ltd. Metal Precision Services (India) Private Limited was disposed on 31 December 2008.

13. INVESTMENTS IN SUBSIDIARIES (continued)

Disposal of subsidiary

The Group disposed its subsidiary, Metal Precision Services (India) Private Limited on 31 December 2008.

The net assets of Metal Precision Services (India) Private Limited at the date of disposal were as follows:

	The Group 2008 SGD
Cash	2,378
Trade and other receivables	4,514
Property, plant and equipment	10,333
Trade and other payables	(3,409)
Provision for taxation	(1,622)
Deferred tax	(6,886)
	5,308
Gain on disposal	9,692
Total consideration	15,000
Satisfied by	
Cash	15,000
Net cash inflow on disposal:	
Cash consideration	15,000
Cash balance disposed off	(2,378)
Net cash inflow	12,622

The effect of the disposal of subsidiary on the balance sheet is shown above.

14. OTHER ASSETS

	The Group		The Company	
	2008 SGD	2007 SGD	2008 SGD	2007 SGD
Club memberships, at cost	118,190	118,190	88,500	88,500
Movement in allowance for impairment:				
Balance at beginning of year	-	20,500	-	20,500
Reversed to income statement included in other credits	-	(20,500)	-	(20,500)
Balance at end of year	-	-	-	-
Fair value at end of year	118,190	118,190	88,500	88,500

15. INVESTMENT (AVAILABLE - FOR - SALE)

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Equity instrument (unquoted), at cost	327,075	-	-	-

16. INVENTORIES

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Finished goods and goods for resale	3,346,949	2,979,955	528,423	1,030,588
Work in progress	4,000,639	3,495,498	274,564	480,665
Raw materials	5,398,949	4,123,591	225,422	193,107
	12,746,537	10,599,044	1,028,409	1,704,360

Inventories are stated after allowance for impairment. Movements in allowance for impairment are stated below:

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Balance at beginning of year	1,588,579	1,386,855	421,051	242,236
Foreign exchange adjustment	5,623	243	-	-
(Reversal from)/Charged to income statement included in other charges	(26,608)	244,637	54,997	178,815
Inventories written off	(533,963)	(43,156)	(301,845)	-
Balance at end of year	1,033,631	1,588,579	174,203	421,051

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Current				
Trade receivables:				
Outside parties	20,671,752	27,365,538	10,447,711	13,428,552
Subsidiaries	-	-	51,345,235	33,952,359
Less: Allowance for impairment				
- Outside parties	(362,183)	(393,481)	(7,465)	(7,465)
- Subsidiary	-	-	(800,000)	-
Other receivables:				
Subsidiaries	-	-	20,801,500	16,249,175
Deposits	1,098,324	379,744	1,250	1,250
Other receivables	1,597,959	388,982	1,527	2,587
Tax refundable	34,630	92,103	232,445	355,669
Prepayments	388,787	471,946	13,854	7,992
Total trade and other receivables	23,429,269	28,304,832	82,036,057	63,990,119
Non-current				
Other receivable	173,680	-	-	-

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Movements in allowance for impairment:				
Balance at beginning of year	393,481	661,833	7,465	178,578
Foreign exchange adjustments	8,951	40,278	-	-
(Reversed from)/Charged to income statement included in other charges	(32,032)	6,572	800,000	4,174
Bad debts written off	(8,216)	(315,202)	-	(175,287)
Balance at end of year	362,184	393,481	807,465	7,465

The average credit period generally granted to major trade receivables customers is about 45-60 days (2007: 45-60 days).

Concentration of trade receivables customers:

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Top 1 customer	2,878,094	3,614,976	2,878,094	3,614,976
Top 2 customers	7,243,895	6,475,842	5,731,360	6,475,842

17. TRADE AND OTHER RECEIVABLES (continued)

Current receivables with a short duration are not discounted and the carrying values are assumed to approximate the fair value.

Included in other receivables are:

a) amount of Thai Baht8,000,000 due from the purchaser of the disposal of a business segment of the subsidiary, MCE Industries (Thailand) Co., Ltd ("MCE Thailand"). The amount bears interest at 6% per annum. The sum is to be repaid over 12 instalments commencing from September 2008.

b) amount of Thai Baht8,000,000 due from selling of machineries of its subsidiary, MCE Thailand. The sale consideration of Thai Baht8,000,000 is marginally higher than the net book value of the assets, and was arrived at after arm's length negotiations on a willing-buyer-willing-seller basis. Payment for the assets will be made in 24 monthly cash installments from February 2009 to January 2011.

18. ASSETS CLASSIFIED AS HELD FOR SALE

The major classes of assets classified as held for sale at the end of the year are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Assets held for sale:				
Properties (i)	-	35,272	-	-
Plant and equipments (i)	470,076	184,149	-	-
	470,076	219,421	-	-

(i) These properties, plant and equipments of a subsidiary, MCE Industries (Thailand) Co., Ltd, are presented as held for sale following the decision of management on 1 March 2005 to sell the properties, plant and equipment. In 2008, the management further identified some plant and equipments in the Thailand subsidiary for sale.

19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Not restricted in use	8,428,658	7,444,186	3,759,104	690,097
Restricted in use (i)	645,646	399,115	-	-
	9,074,304	7,843,301	3,759,104	690,097

(i) This is for bank balance held by bankers to cover bank guarantee issued.

The rate of interest for the cash on interest earning accounts is between 0.30% - 3.70% (2007: 0.50% - 3.70%). These approximate the weighted effective interest rate.

19. CASH AND CASH EQUIVALENTS (continued)

Cash and cash equivalents in the cash flow statement:

	The Group	
	2008	2007
	SGD	SGD
As shown above	9,074,304	7,843,301
Bank overdrafts	(1,812,511)	(1,116,539)
Cash restricted in use	(645,646)	(399,115)
	6,616,147	6,327,647

Non-cash transactions

During the year the Group acquired property, plant and equipment with an aggregate cost of SGD2,998,414 (2007: SGD4,534,006) of which SGD897,734 (2007: SGD2,532,996) was acquired by means of finance leases and long-term borrowings. Cash payments of SGD2,100,680 (2007: SGD2,001,010) were made to purchase plant and equipment.

20. SHARE CAPITAL

	The Group and The Company	
	Number of shares	Issued share capital
		SGD
Balance at end of year 31 December 2007	150,000,000	18,171,227
Balance at end of year 31 December 2008	150,000,000	18,171,227

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

21. OTHER RESERVES

Statutory reserve

Under the relevant laws in The People's Republic of China, profits of subsidiaries Metal Component Engineering (Shanghai) Co., Ltd, Metal Component Technologies (Wuxi) Co., Ltd and MCE Industries (Shanghai) Co., Ltd, are available for distribution in the form of cash dividends to the investors after the subsidiary has (1) satisfied all tax liabilities; (2) provided losses in previous years and (3) made appropriations to reserve fund and staff bonus and welfare fund. The subsidiary has to appropriate at least 10% of its profit after tax as determined in accordance with the PRC accounting standards and regulations applicable to the subsidiary to the reserve fund until the reserve fund reaches 50% of the subsidiary's registered capital. Appropriation to the staff bonus and welfare fund is determined at the discretion of board of directors.

The reserve fund is not available for distribution as dividends but it can be used to offset losses or be capitalised as capital. The staff bonus and welfare fund can be used for rewards and collective welfare for employees.

22. SHARE-BASED PAYMENTS

Share option reserve

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
At beginning of year	172,723	71,608	172,723	71,608
Share-based compensation	63,956	101,115	63,956	101,115
Forfeited options	(20,529)	-	(20,529)	-
At end of year	216,150	172,723	216,150	172,723
The expense for the year allocated in the income statement as follows:				
Other charges	43,427	101,115	43,427	101,115

The Group adopted FRS 102 Share-based Payment with effect from 1 January 2005.

The Company adopted the MCE Share Option Scheme on 4 November 2003. The Scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last done prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for 5 market days preceding the date of grant. Options must be exercised before expiry of 10 years and 5 years from the date of grant for holders of options who are executive directors or employees and non-executive directors respectively.

Details of the share options outstanding during the year are as follows:

	The Group and The Company			
	2008		2007	
	Number of share options	Weighted average exercise price SGD	Number of share options	Weighted average exercise price SGD
Outstanding at beginning of year	8,500,000	0.119	2,000,000	0.216
Granted during the year	-	-	6,550,000	0.090
Forfeited options granted in FY 2004	(200,000)	0.216	(50,000)	0.216
Forfeited options granted in FY 2007	(750,000)	0.09	-	-
Outstanding at end of year	7,550,000	0.119	8,500,000	0.119
Exercisable at end of year	7,550,000		1,950,000	

22. SHARE-BASED PAYMENTS (continued)

The fair values of the options are estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions used for grants:

	2007
Weighted average share price	SGD0.09
Weighted average exercise price	SGD0.09
Expected dividend yield	0%
Risk free annual interest rates	2.58%
Expected volatility	65.08%
Expected option term of years, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations	4 years

23. LONG-TERM BORROWINGS

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Bank loans (secured)	6,333,967	9,064,726	6,199,137	8,633,840
The bank loans are repayable as follows:				
Amounts due within a year				
Bank loans (secured)	1,831,875	2,235,910	1,697,045	1,941,302
Total current portion	1,831,875	2,235,910	1,697,045	1,941,302
Non-current portion	4,502,092	6,828,816	4,502,092	6,692,538
The non-current portion is repayable as follows:				
Due within 2 to 5 years	4,254,530	6,439,668	4,254,530	6,303,390
After 5 years	247,562	389,148	247,562	389,148
Total non-current portion	4,502,092	6,828,816	4,502,092	6,692,538

The interest rate varied from 4.8% - 8.25% (2007: 4% - 8.50%) per annum. These approximate the weighted effective interest rate.

(a) A ten-year bank loan of SGD1,900,000 is repayable in 120 equal monthly installments commencing from March 2003. It is secured by fixed legal charge on the leasehold property of the Company at 15 Senoko South Road, Singapore 758076.

(b) A seven-year bank loan of SGD519,480 is repayable in 84 equal monthly installments commencing from June 2002. It is secured by fixed legal charge on certain subsidiary's leasehold land and factory building.

(c) A five-year bank loan of SGD1,036,274 is repayable in 20 equal quarterly installments commencing from April 2004. It is secured by certain subsidiary's land and building and corporate guarantee from the Company.

23. LONG-TERM BORROWINGS (continued)

(d) A seven-year bank loan of SGD6,998,175 is repayable in 72 equal monthly installments commencing from February 2006 (loan period from February 2005 to January 2006 is for interest servicing only). It is currently secured by the shares of subsidiary, MCE Industries (Thailand) Co., Ltd, legal mortgage over land and building and a fixed charge over certain machinery and equipment of the subsidiary.

(e) A four-year loan from a financial institution of SGD1,000,000 is repayable in 48 equal monthly installments commencing from November 2006. It is secured by a first fixed charged over certain machineries of the Company. This loan was fully repaid during the year.

(f) A six-year bank loan of SGD2,361,000 is repayable in 72 equal monthly installments commencing from December 2006. It is secured by fixed legal charge on the leasehold property of the Company at 15 Senoko South Road, Singapore 758076.

(g) A ten-year bank loan of SGD1,100,000 is repayable in 120 equal monthly installments commencing from April 2006. It is secured by fixed legal charge on the leasehold property of the Company at 15 Senoko South Road, Singapore 758076.

The carrying amount of the long-term borrowings approximates its fair value as all the loans are interest bearing at prevailing floating market interest rate.

24. FINANCE LEASES

The Group 2008	Minimum payments SGD	Finance charges SGD	Present value SGD
Minimum lease payments payable:			
Due within one year	1,413,235	(141,061)	1,272,174
Due within 2 to 5 years	1,191,245	(128,560)	1,062,685
Due more than 5 years	88,881	(16,325)	72,556
Total	2,693,361	(285,946)	2,407,415
Carrying amount of plant and equipment under finance leases			4,160,811
2007			
Minimum lease payments payable:			
Due within one year	1,310,387	(125,996)	1,184,391
Due within 2 to 5 years	1,851,532	(186,220)	1,665,312
Total	3,161,919	(312,216)	2,849,703
Carrying amount of plant and equipment under finance leases			4,832,816

24. FINANCE LEASES (continued)

The Company	Minimum payments	Finance charges	Present value
2008	SGD	SGD	SGD
Minimum lease payments payable:			
Due within one year	1,305,673	(129,651)	1,176,022
Due within 2 to 5 years	1,172,311	(126,307)	1,046,004
Due more than 5 years	88,881	(16,325)	72,556
Total	2,566,865	(272,283)	2,294,582
Carrying amount of plant and equipment under finance leases (i)			293,400
2007			
Minimum lease payments payable:			
Due within one year	1,116,134	(106,883)	1,009,251
Due within 2 to 5 years	1,723,706	(172,433)	1,551,273
Total	2,839,840	(279,316)	2,560,524
Carrying amount of plant and equipment under finance leases (i)			207,933

(i) Included in the finance leases are assets of carrying amount of SGD3,577,470 (2007: SGD3,430,030) held by the overseas subsidiaries under the cross-border financing arrangement.

It is a policy to lease certain of its plant and equipment under finance leases. The average lease term is 3 to 9 years. The rate of interest for finance leases is about 5.3% - 7% (2007: 5.3% to 7%) per annum. There is an exposure to fair value interest risk because the interest rates are fixed at contract rate. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The fair value of the lease obligations approximates to their carrying amount. The obligations under finance lease are secured by the lessor's charge over the leased assets.

25. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Trade payables:				
Outside parties and accrued liabilities	21,869,726	26,763,281	10,107,554	11,323,512
Subsidiaries	-	-	61,794,642	43,619,374
Other payables:				
Subsidiaries	-	-	42,551	-
Other payables	942,408	1,170,714	102,099	90,974
Total trade and other payables	22,812,134	27,933,995	72,046,846	55,033,860

The average credit period taken to settle trade payables is about 126 (2007: 131 days). The other payables are with short-term durations. The notional amount is deemed to reflect the fair value.

26. SHORT-TERM BORROWINGS

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Bank loans (unsecured)	11,806,298	11,369,797	7,611,358	6,108,950
Bank overdraft (unsecured)	1,812,511	1,116,539	1,650,513	1,116,539
Bills payable to banks (secured) (i)	407,917	435,000	-	-
Bills payable to banks (unsecured)	4,488,561	4,236,926	4,219,277	3,801,926
	18,515,287	17,158,262	13,481,148	11,027,415

(i) Bills payable to banks of a subsidiary were secured by fixed legal charge on certain subsidiary's leasehold and factory buildings.

The interest rates varied from 3.62% - 8.90% (2007: 4.50% - 8.47%) per annum. These approximate the weighted effective interest rate.

All short-term borrowings are interest-bearing. The carrying values approximate fair values.

The exposure of the borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Below 6 months	18,515,287	14,413,673	13,481,148	9,910,876
Within 12 months	-	2,744,589	-	1,116,539
Total short-term borrowings	18,515,287	17,158,262	13,481,148	11,027,415

27. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group's earnings attributable to shareholders by the weighted number of shares in issue during the year.

	2008	2007
	SGD	SGD
The calculation of the earnings per share is based on the following:		
Earnings for the year attributable to the equity holders of theCompany	3,439,879	3,579,436
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	150,000,000	150,000,000

There is no dilution for both 2008 and 2007 for the options because the exercise price is higher than the fair value of the shares.

28. DIVIDEND

A final tax exempt (one-tier) dividend of 0.1 cent per shares amounting to SGD150,000 in respect of the financial year ended 31 December 2007 was paid during the year.

29. CONTINGENT LIABILITIES

	The Company	
	2008	2007
	SGD	SGD
Corporate guarantee in favour of subsidiaries	10,192,333	10,962,861

The Company gives letters of financial support to certain subsidiaries in the Group. In the current financial year, the Company has issued corporate guarantees to banks for borrowings of certain subsidiaries with a net liability position. These bank borrowings amounted to SGD978,895 (2007: SGD978,895) at the balance sheet date.

30. BANKING FACILITIES

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Banker's guarantee – unsecured	1,300,163	193,970	77,230	70,140
Banker's guarantee – secured (Note 11)	88,221	107,445	-	-

31. OPERATING LEASE PAYMENTS COMMITMENTS

At the balance sheet date the total of future minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Within one year	1,104,251	823,364	165,432	173,904
Within 2 to 5 years	2,123,044	1,404,782	643,920	656,336
After 5 years	1,727,223	1,882,479	1,727,223	1,882,479
	4,954,518	4,110,625	2,536,575	2,712,719
Rental expenses for the year	2,032,117	1,981,863	39,710	175,015

31. OPERATING LEASE PAYMENTS COMMITMENTS (continued)

Operating lease payments represent rentals payable by the Company and the Group for certain of its factory premises and premises for staff accommodation. It comprises mainly the following:

(a) the lease from Jurong Town Corporation is for 30 years from 16 February 1995. The lease rental are negotiated on yearly basis and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts;

(b) the various leases in The People's Republic of China are for rental periods ranging from 1 to 5 years on fixed rental rates; and

(c) the various leases in Malaysia are for rental periods ranging from 3 to 5 years on fixed rental rates.

32. CAPITAL COMMITMENTS

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	1,919,411	644,660	-	160,000
Commitment to take up shares in subsidiaries	12,215,360	12,219,567	12,215,360	12,219,567

33. FINANCIAL RISK MANAGEMENT

Risk Management Policies for Financial Instruments

General Risk Management Principles

The entity's financial instruments comprise borrowings, some cash and liquid resources, and various items, such as trade and other receivables, trade and other payables, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the entity's operations. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk and foreign currency risk. The management reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by key management.

33. FINANCIAL RISK MANAGEMENT (continued)

As the Group and Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Company	
	2008	2007
	SGD	SGD
Corporate guarantees provided to banks on subsidiaries loans	10,192,333	10,962,861

The Group's and Company's major classes of financial assets are bank deposits and trade receivables.

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
By geographical areas				
Southeast Asia	9,086,734	10,773,155	38,345,931	34,164,243
China	8,836,457	14,446,214	22,073,107	12,338,698
North America	722,364	943,777	370,420	433,045
Others	1,664,014	808,911	196,023	437,460
	20,309,569	26,972,057	60,985,481	47,373,446
By types of customers				
Intercompany	-	-	9,640,246	33,952,359
Third parties	20,309,569	26,972,057	51,345,235	13,421,087
	20,309,569	26,972,057	60,985,481	47,373,446

(i) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for allowance of trade receivables provided.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Past due 3 to 6 months	3,686,393	4,448,035	8,039,341	6,395,150
Past due over 6 months	1,734,583	1,188,606	46,010,075	25,639,246
	5,420,976	5,636,641	54,049,416	32,034,396

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are disclosed in Note 17.

33. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk

Liquidity risk is the risk that Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operation and to mitigate the effects of fluctuations in cash flows.

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the balance sheet.

The Group	On demand or within 1 year SGD	2 to 5 years SGD	After 5 years SGD	Total SGD
2008				
Non-interest bearing payables	22,822,604	-	-	22,822,604
Bank overdraft	1,893,639	-	-	1,893,639
Bank term loan	19,143,319	4,527,671	263,455	23,934,445
Finance lease liabilities	1,413,235	1,191,245	88,881	2,693,361
	45,272,797	5,718,916	352,336	51,344,049
2007				
Non-interest bearing payables	27,952,872	-	-	27,952,872
Bank overdraft	1,121,876	-	-	1,121,876
Bank term loan	18,327,225	6,476,696	391,386	25,195,307
Finance lease liabilities	1,189,283	1,672,190	-	2,861,473
	48,591,256	8,148,886	391,386	57,131,528

33. FINANCIAL RISK MANAGEMENT (continued)

Liquidity and interest risk analysis (continued)

Non-derivative financial liabilities (continued)

The Company	On demand or within 1 year	2 to 5 years	1 to 5 years	Total
	SGD	SGD	SGD	SGD
2008				
Non-interest bearing payables	72,046,846	-	-	72,046,846
Bank overdraft	1,729,738	-	-	1,729,738
Bank term loan	13,869,259	4,530,734	263,634	18,663,627
Finance lease liabilities	1,305,673	1,172,311	88,881	2,566,865
	88,951,516	5,703,045	352,515	95,007,076
2007				
Non-interest bearing payables	55,033,860	-	-	55,033,860
Bank overdraft	1,121,876	-	-	1,121,876
Bank term loan	11,886,036	6,339,634	391,386	18,617,056
Finance lease liabilities	1,013,419	1,557,680	-	2,571,099
	69,055,191	7,897,314	391,386	77,343,891

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of it's holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to interest rates relates primarily to interest-earning financial assets and interest-earning financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group obtains additional financing through bank borrowings and finance lease arrangements. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

The following table sets out the carrying amounts as at 31 December, by maturity or repricing, whichever is earlier, of the financial instruments of the Group and the Company that are exposed to interest rate risk:

33. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

	Within 1 year SGD	2 to 5 years SGD	After 5 years SGD	Total SGD
The Group				
2008				
Financial assets/liabilities				
Fixed rate				
Fixed deposits	645,646	-	-	645,646
Finance lease liabilities	1,272,174	1,062,685	72,556	2,407,415
Floating rate				
Bank overdraft	1,812,511	-	-	1,812,511
Bank term loans	18,534,651	4,254,530	247,562	23,036,743
2007				
Financial assets/liabilities				
Fixed rate				
Fixed deposits	399,115	-	-	399,115
Finance lease liabilities	1,184,391	1,665,312	-	2,849,703
Floating rate				
Bank overdraft	1,116,539	-	-	1,116,539
Bank term loans	18,277,633	6,439,668	389,148	25,106,449
The Company				
2008				
Financial assets/liabilities				
Fixed rate				
Finance lease liabilities	1,176,022	1,046,004	72,556	2,294,582
Floating rate				
Bank overdraft	1,650,513	-	-	1,650,513
Bank term loans	13,527,680	4,254,530	247,562	18,029,772
2007				
Financial assets/liabilities				
Fixed rate				
Finance lease liabilities	1,009,251	1,551,273	-	2,560,524
Floating rate				
Bank overdraft	1,116,539	-	-	1,116,539
Bank term loans	11,852,178	6,303,390	389,148	18,544,716

Sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments
The Group does not account for fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at reporting date would not affect profit and loss.

33. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments
For the variable rate financial assets and liabilities, a change of 100 basis points in interest rate at the reporting date would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax	
	100 bp increase	**100 bp decrease**
	SGD	SGD
The Group		
31 December 2008		
Floating rate instruments	(248,493)	248,493
31 December 2007		
Floating rate instruments	(356,424)	356,424
The Company		
31 December 2008		
Floating rate instruments	(196,802)	196,802
31 December 2007		
Floating rate instruments	(274,290)	274,290

Foreign currency risk

The Group incurs foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than Singapore Dollars. The currencies giving rise to this risk are primarily the United States Dollars, Malaysian Ringgit, Thai Baht and Chinese Renminbi.

There is no formal hedging policy with respect to foreign currency exposure. Exposure to foreign currency risk is monitored on an on-going basis and the Group endeavors to keep the net exposures at an acceptable level.

At the reporting date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
The Group				
US Dollars	24,367,386	28,225,390	19,670,765	24,691,146
Chinese Renminbi	4,529,590	6,370,607	3,801,019	4,109,847
Malaysian Ringgit	3,335,837	4,009,811	990,234	1,455,498
Thai Baht	218,971	447,624	1,084,757	1,469,358
The Company				
US Dollars	70,244,192	18,192,237	58,884,223	11,239,319
Chinese Renminbi	-	-	3,621,000	-
Malaysian Ringgit	72,456	-	2,732,330	-

33. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debts as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period and for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as to foreign operations within the Group where they gave rise to an impact on the Group's profit before tax. This analysis assumes that all other variables, in particular interest rates, remain constant.

If the relevant foreign currency weakens by 5% against the functional currency of each group entity, profit before tax will increase/(decrease) by:

	US Dollars impact		Chinese Renminbi impact		Malaysian Ringgit impact		Thai Baht impact	
	2008	2007	2008	2007	2008	2007	2008	2007
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
The Group								
Profit before tax	234,831	176,712	36,429	113,038	117,280	127,716	(43,289)	(51,087)
The Company								
Profit before tax	567,998	347,646	(181,050)	-	(132,994)	-	(9,035)	-

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity, profit before tax will increase/(decrease) by:

	US Dollars impact		Chinese Renminbi impact		Malaysian Ringgit impact		Thai Baht impact	
	2008	2007	2008	2007	2008	2007	2008	2007
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
The Group								
Profit before tax	(234,831)	(176,712)	(36,429)	(113,038)	(117,280)	(127,716)	43,289	51,087
The Company								
Profit before tax	(567,998)	(347,646)	181,050	-	132,994	-	9,035	-

Equity price risk

The Group does hold unquoted equity classified as available-for-sale. However, these investment are not subject to market price change. The Group is not exposed to equity price risks.

Other Business Risks and Uncertainties

The Group is subject to a number of risks including the assistance to development of customers unproven products, the need to maintain adequate financing, better capitalised competitors and dependence on essential personnel. The industry is characterised by technological developments, dependency on steel and changes in customer requirements. Significant technological changes, steel shortage or severe steel price hikes could adversely affect the business plan and operating results of the Group.

33. FINANCIAL RISK MANAGEMENT (continued)

Fair value of financial instruments

Where possible, fair values have been estimated using market prices for the financial instruments. Where market prices are not available, values have been estimated using quoted prices for financial instruments with similar characteristics, or otherwise using a suitable valuation technique where it is practicable to do so. The fair value information presented represents the Group's and the Company's best estimate of those values, subject to certain assumptions and limitations.

Methodologies

The methodologies and assumptions used in estimating fair values depend on the terms and risk characteristics of the various instruments and include the following:

Interest-bearing bank loans

The carrying value of interest-bearing bank loans that reprice within six months of the balance sheet date is assumed to approximate their fair value. The carrying amounts of the terms loans also approximate fair value as it is subject to floating interest rates which in turn approximate the current market interest rate for similar loan at a balance sheet date. For finance lease, the market rate of interest is determined by reference to similar lease agreements.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, bills payable to banks and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Intra-group financial guarantees

The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees are eliminated in preparing the consolidated financial statement. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which are predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may be vary considerably from the best estimates.

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amount to SGD10,192,333 (2007: SGD10,962,861).

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

34. CAPITAL MANAGEMENT (continued)

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	The Group		The Company	
	2008	2007	2008	2007
	SGD	SGD	SGD	SGD
Net debt	41,640,145	49,562,500	90,262,609	76,565,542
Total equity	29,286,036	24,802,658	21,215,539	18,878,008
Total capital	70,926,181	74,365,158	111,478,148	95,443,550
Gearing ratio	0.59	0.67	0.81	0.80

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2007 and 2008. There were no changes in the Group's approach to capital management during the financial year.

35. FINANCIAL INFORMATION BY SEGMENTS

For management purposes, the Group is currently organised into two operating divisions – stamping and assembly and tooling, prototyping and batch production. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

(a) Stamping and assembly ("SA") segment involves the mass production of precision metal stamped components and the value-added assembly of modules which includes precision metal stamping components.

(b) Tooling, prototyping and batch production ("TP") segment involves the design and fabrication of tools and dies, fabrication of prototypes as well as the production of metal parts for high mix low volume products.

In presenting information on the basis of geographical segments, segment revenue is based on the countries of domicile of the customers. Segment assets are based on the geographical location of the assets.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets consist principally of trade receivables, other receivables and prepayments, inventories and property, plant and equipment. Segment liabilities include trade payables and accrued liabilities. Unallocated items comprise cash and cash equivalents, deferred tax assets, short-term borrowings, other payables, income tax payables, long-term borrowings, finance leases and deferred tax liabilities.

35. FINANCIAL INFORMATION BY SEGMENTS (continued)

Segment information about these business is presented below:

	2008			2007		
	SA	TP	Total	SA	TP	Total
	SGD	SGD	SGD	SGD	SGD	SGD
Revenue	81,760,257	5,936,078	87,696,335	92,431,984	9,872,894	102,304,878
Segment results	6,216,411	(11,189)	6,205,222	6,555,575	120,901	6,676,476
Unallocated expenses			(1,296,291)			(1,104,761)
Profit from operations			4,908,931			5,571,715
Financial expense			(1,520,581)			(1,979,023)
Profit before income tax			3,388,350			3,592,692
Income tax expense			18,052			(159,441)
Profit after income tax			3,406,402			3,433,251
Minority interests			33,477			146,185
Net profit for the year			3,439,879			3,579,436
Other information:						
Segment assets	67,840,944	4,030,098	71,871,042	70,530,516	6,238,732	76,769,248
Unallocated corporate assets			8,040,899			5,750,024
Total assets			79,911,941			82,519,272
Segment liabilities	24,477,708	2,023,165	26,500,873	29,584,163	2,581,858	32,166,021
Unallocated corporate liabilities			24,125,032			25,550,593
Total liabilities			50,625,905			57,716,614
Capital expenditure	2,624,216	4,527	2,628,743	3,737,972	791,848	4,529,820
Unallocated capital expenditure			369,671			4,186
Total capital expenditure			2,998,414			4,534,006
Depreciation	3,694,267	340,992	4,035,259	3,703,613	529,594	4,233,207
Unallocated depreciation			198,240			172,663
Total depreciation			4,233,499			4,405,870
Reversal of impairment loss on property, plant and equipment			-			(57,664)

35. FINANCIAL INFORMATION BY SEGMENTS (continued)

Geographical segments

	Southeast Asia SGD	China SGD	North America SGD	Others* SGD	Eliminations SGD	Total SGD
2008						
External sales	55,931,572	23,280,789	2,504,703	5,979,271	-	87,696,335
Inter-segment sales	27,280,724	8,066,410	-	-	(35,347,134)	-
	83,212,296	31,347,199	2,504,703	5,979,271	(35,347,134)	87,696,335
Other information:						
Segment assets	41,285,873	38,626,068				79,911,941
Capital expenditure	1,052,826	1,945,588				2,998,414
Depreciation	2,388,991	1,844,508				4,233,499

	Southeast Asia SGD	China SGD	North America SGD	Others* SGD	Eliminations SGD	Total SGD
2007						
External sales	61,798,469	31,218,689	5,408,596	3,879,124	-	102,304,878
Inter-segment sales	15,423,930	2,702,906	-	-	(18,126,836)	-
	77,222,399	33,921,595	5,408,596	3,879,124	(18,126,836)	102,304,878
Other information:						
Segment assets	43,961,038	38,558,234				82,519,272
Capital expenditure	1,720,709	2,813,297				4,534,006
Depreciation	2,887,240	1,518,630				4,405,870
Impairment loss on property, plant and equipment	98,678	(156,342)				(57,664)

* Others include Australia, Japan, Hong Kong and other countries.

Properties

Location / Description	Tenure	Land Area
15 Senoko South Road Singapore 758076 Detached factory building	30-year lease from 16 February 1995 with a further term of 30 years	8254 sq.m
PLO 118 Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru, Malaysia Detached factory building	30-year lease from 26 April 1994	4393 sq.m
No.750 Riying North Road Wai Gaoqiao Free Trade Zone Shanghai, PR China Detached factory building	44-year lease from 27 February 2004 to 11 June 2048	6174 sq m
No 946 Moo 4 Bangpoo Industrial Estate Road Praeksa Sub-District, Muang Samutprakarn District, Samutprakarn Province, Thailand Detached factory building	Freehold land	25932 sq m
No. 18 Third Zone, 8228 Beiqing Road Qingpu Shanghai PR China Detached factory building	50-year lease from 20 Dec 2006 to 19 Dec 2056	25000 sq m

Shareholdings Statistics

as at 13 March 2009

Class of shares - Ordinary shares
Voting rights - 1 vote per ordinary share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 13 March 2009, 63.34% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	60	5.66	2,260	0.00
1,000 - 10,000	463	43.68	2,042,345	1.36
10,001 - 1,000,000	513	48.40	48,911,662	32.61
1,000,001 and above	24	2.26	99,043,733	66.03
	1,060	100.00	150,000,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Mayban Nominees (S) Pte Ltd	11,943,000	7.96
2	Tan Soo Yong	9,177,666	6.12
3	OCBC Securities Private Ltd	8,528,333	5.69
4	Chua Han Min	7,302,000	4.87
5	Hong Leong Finance Nominees Pte Ltd	7,113,000	4.74
6	Heng Hock Liang	6,737,000	4.49
7	Lee Jeff Kingsley	5,571,000	3.71
8	Phillip Securities Pte Ltd	4,832,000	3.22
9	Lye Shot Kim	3,680,000	2.45
10	Goh Kai Kui	3,460,000	2.31
11	Tan Chew Hiah	3,335,000	2.22
12	Kim Eng Securities Pte. Ltd.	3,087,333	2.06
13	Wang Hsuan Yun	2,950,000	1.97
14	Lim Tchen Nan	2,704,000	1.80
15	Wong Chin Eng	2,677,705	1.79
16	Chua Kheng Choon	2,624,666	1.75
17	Tan Lee Siang	2,350,000	1.57
18	Ng Tiam Moy	2,000,000	1.33
19	United Overseas Bank Nominees Pte Ltd	1,812,000	1.21
20	Lim Liang Chu	1,800,000	1.20
		93,684,703	62.46

SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Deemed Interests	
	No. of Shares	%	No. of Shares	%
As recorded in the Register of Substantial Shareholders				
Chua Kheng Choon [1]	13,389,666	8.93	3,335,000	2.22
Heng Hock Liang [2]	6,737,000	4.49	2,000,000	1.33
Chua Han Min [3]	7,302,000	4.87	4,680,000	3.12
Tan Hock Lye [4]	2,870,332	1.91	433,333	0.29
Tan Soo Yong	9,177,666	6.12	-	-

Notes:

(1) Mr. Chua Kheng Choon's beneficial interest in 13,389,666 shares is partly held in the name of nominees and his deemed interest in 3,335,000 shares is derived from shares held in the name of his spouse.

(2) Mr. Heng Hock Liang's deemed interest in 2,000,000 shares is derived from shares held in the name of his spouse.

(3) Mr. Chua Han Min's deemed interest in 4,680,000 shares is derived from shares held in the name of his spouse and child.

(4) Mr. Tan Hock Lye's beneficial interest in 2,870,332 shares is partly held in the name of nominees and his deemed interest in 433,333 shares is derived from shares held in the name of his spouse.

NOTICE OF ANNUAL GENERAL MEETING

(Company Registration No.: 198804700N)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of METAL COMPONENT ENGINEERING LIMITED ("the Company") will be held at 15 Senoko South Road, Singapore 758076 on Monday, 27 April 2009 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2008 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Director Mr Chua Han Min retiring pursuant to Article 92 of the Company's Articles of Association. **(Resolution 2)**

3. To approve the payment of Directors' fees of S$81,000 for the year ended 31 December 2008. **(Resolution 3)**

4. To re-appoint Paul Wan & Co., a member firm of Morison International, as the Company's Auditors and to authorize the Directors to fix their remuneration. **(Resolution 4)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

6. **Authority to allot and issue shares up to 50 per centum (50%) of issued share capital**

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."
   [See Explanatory Note (i)] **(Resolution 5)**

7. **Authority to allot and issue shares under the MCE Share Option Scheme**

   "That the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the MCE Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) in aggregate of the total number of Scheme Shares which have been issued and may be issued by the Company pursuant to the exercise of Options under the Scheme." [See Explanatory Note (ii)] **(Resolution 6)**

By Order of the Board

Derrick Wong Ong Eu
Regina Lim Geok Lan
Secretaries

Singapore, 13 April 2009

Explanatory Notes:

(i) The Ordinary Resolution 5 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares other than on pro rata basis to existing shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 6 proposed above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) in aggregate of the total number of Scheme Shares which have been issued and may be issued by the Company pursuant to the exercise of Options under the Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at No. 15 Senoko South Road Singapore 758076 not less than 48 hours before the time appointed for holding the Meeting.

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Proxy Form

IMPORTANT:

1. For shareholders who have used their CPF monies to buy the Shares of Metal Component Engineering Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore with limited liability)

Proxy Form

(Please see notes overleaf before completing this Form)

I/We _____ (Name) of

_____ (Address)

being a member/members of Metal Component Engineering Limited (the "Company"), hereby appoint:

Name	NRIC / Passport Number	Proportion of Shareholdings (%)
Address		

and/or (delete as appropriate)

Name	NRIC / Passport Number	Proportion of Shareholdings (%)
Address		

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf and if necessary to demand a poll at the Annual General Meeting (the "Meeting") of the Company to be held on 27 April 2009 at 9.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For	Against
1.	Adoption of the Directors' Report and Audited Accounts for the year ended 31 December 2008		
2.	Re-election of Mr. Chua Han Min as a Director		
3.	Approval of Directors' fees of S$81,000 for the year ended 31 December 2008		
4.	Re-appointment of Paul Wan & Co., a member firm of Morison International, as Auditors		
5.	Authority to allot and issue new shares		
6.	Authority to allot and issue shares under MCE Share Option Scheme		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of Meeting.)

Dated this _____ day of _____ 2009

Total number of Shares in:	No. of Shares
CDP Register	
Register of Members	

_____

Signature of Shareholder(s)/
Common Seal of Corporate Shareholder

Notes

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his/her behalf.

3. Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at No. 15 Senoko South Road Singapore 758076 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

METAL COMPONENT ENGINEERING LIMITED

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FAX: (65) 6759 5565

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