METAL COMPONENT ENGINEERING LIMITED

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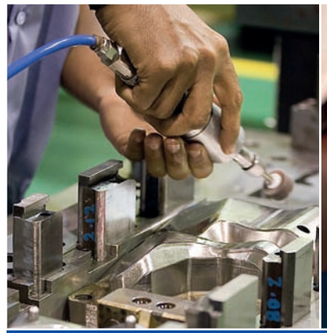
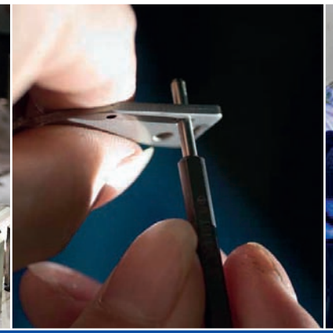
METAL COMPONENT ENGINEERING LIMITED

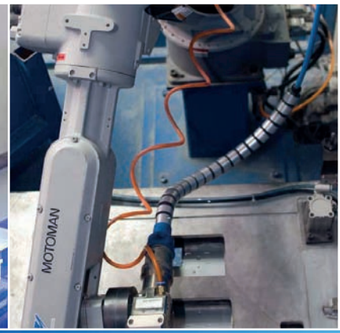
Annual Report 2009

METAL COMPONENT ENGINEERING LIMITED

2009 annual report





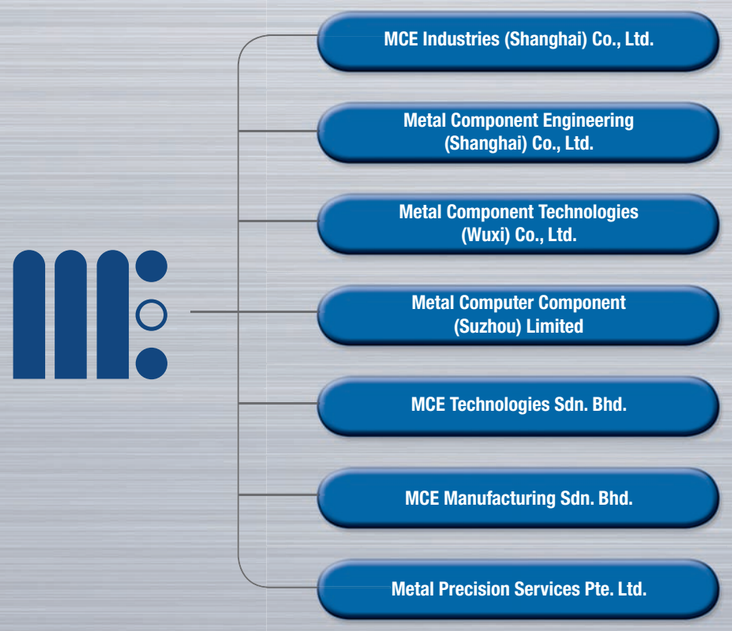


Revitalizing

Our Vision

To be a World-Class Mechanical Manufacturing Solutions Provider

Corporate Structure



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Corporate Profile

Metal Component Engineering Limited ("MCE")

is a one-stop mechanical manufacturing solutions provider with a regional manufacturing presence in Asia. The Group focuses on ATM, gaming terminals, computer peripherals, printers, consumer electronics, automotives and hard disk industries.

The company offers services from design, prototyping, tool and die fabrication, stamping production to value-added assembly. It supports customers through both high-mix low-volume and low-mix high-volume production. MCE's services also extend to electro-mechanical assembly solutions with supply chain management capabilities. Its assembly lines allow flexible configurations to meet various product requirements.

Through its efficient supply chain and inventory hub management, MCE provides competitive solutions to its customers.

Key capabilities:

- Product design
- Early supplier involvement
- DFM
- Program management
- Prototyping
- Tool fabrication
- Batch production
- High-volume production
- Secondary processes
- In-house surface treatment
- Supply chain management
- Product assembly

Chairman's Message

Dear Shareholders

2009 was a challenging year for MCE. Through stringent cost discipline and continued focus on operational excellence, the Group emerged from the economic crisis that severely weakened business sentiments in late 2008 and early 2009, and returned to profitability in second half 2009.

Efforts to strengthen our balance sheet through disposal of non-core assets saw significant progress with the successful sale of our Thailand subsidiary.

Financial Review

The Group recorded revenue of S$65.7 million in FY2009. This represented a 22.7% decline from S$85.0 million recorded in FY2008.

The year-on-year decline was mainly attributable to weakness in the first half of FY2009 ("H1FY2009") due to the adverse impact of the economic crisis which affected customer orders. The decline was partially offset by a recovery seen in the second half of FY2009 ("H2FY2009"), where the Group recorded revenue of S$36.6 million.

Despite lower revenues, the Group continued to make a concerted effort to monitor and manage our key cost components through reducing material wastages and controlling fixed costs.

Employee benefits expense declined by 17.8% from the prior year due mainly to wage cuts and headcount reductions in H1FY2009. This was partially offset by re-staffing in H2FY2009 in tandem with improved customer demand.

As part of continuing efforts to improve the Group's asset productivity through the identification and divestment of non-core, low-yielding assets, the Group posted a gain on disposal of plant and equipment amounting S$2.3 million, including S$1.7 million from the sale of our Senoko property. The Group also adopted a prudent and cautious approach in reviewing and assessing the recoverability of its assets, making provisions for receivables and inventories totalling S$1.3 million.

The continuing operations of the Group returned to profitability in H2FY2009, with a profit after tax amounting S$1.8 million in H2FY2009. After taking into account the loss from continuing operations in H1FY2009 of S$1.2 million, profit after tax from continuing operations amounted to S$0.6 million.

Loss after tax from discontinued operations amounted to S$1.3 million in FY2009 due mainly to the loss on disposal of the Group's Thailand operations that was completed in January 2010.

Taking into account the above factors, the Group recorded an overall loss for the year amounting S$0.7 million in FY2009.

Operations Review

With the successful divestment of our Singapore Senoko plant in September 2009 and our Thailand subsidiary in January 2010, the Group's manufacturing presence now comprises 6 plants in two countries – China and Malaysia, with Singapore serving as our Corporate Headquarters.

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

Our Qingpu plant focuses on Mechanical Structure Integration Assembly ("Mechanical Integration") and Precision Stamping components production. The plant in Shanghai Waigaoqiao free trade zone is focused on automotive-related businesses to take advantage of its free-trade status. The plants in Wuxi and Suzhou offers Stamping and Electro-less Nickel Plating services and is mainly serving the Hard Disk Drive ("HDD") component manufacturing business.

In FY2009, we added a second Electro-less Nickel Plating services line in our Suzhou plant, and is well-positioned to support the expected increase in the Group's HDD business in FY2010.

Overall, with a continued focus on operational excellence and improved capacity utilization, particularly in H2FY2009, MCE China contributed positively to the Group in FY2009. China will continue to be an integral part of our manufacturing footprint, as customers continue to regard China as an attractive and competitive manufacturing center of choice.

Malaysia: We are currently operating out of 4 facilities in Johor Bahru, Malaysia. These facilities support our Mechanical Integration and Progressive Stamping businesses. In particular, the fourth facility was added in January 2010 to support our long-term growth plans in the Mechanical Integration business.

During the year, the Group continued its thrust in higher value-added Mechanical Integration projects in our Malaysia facilities. These projects are high-mix-low-volume in nature, are running at near capacity and constitute a good proportion of our business.

The Progressive Stamping business, which mainly serves the Printers / Computer Peripherals industry, was adversely impacted by the economic crisis, as well as a strategic shift in procurement strategy by a major customer.

Thailand: We successfully completed the sale of our 80.3% stake in MCE Thailand in January 2010 for approximately S$5.7 million. The sale enabled the Group to exit from a loss-making and non-core subsidiary.

For the last three financial years namely FY2006, FY2007 and FY2008, the loss attributable to MCE Thailand (before minority interests and excluding extraordinary items) was approximately S$4.5 million, S$0.7 million and S$0.2 million respectively. In FY2009, loss from discontinued operations amounted to S$1.3 million due mainly to the fair value loss on disposal.

Over the same period, MCE Thailand contributed only approximately 10%, 8% and 3% respectively to the Group's overall revenues. In FY2009, MCE Thailand contributed only negligibly to the Group's overall revenues.

The proceeds from the Proposed Disposal will be deployed by the Group to reduce bank borrowings, strengthen the Group's financial position and fund business expansion as opportunities arise.

Singapore: Our Senoko property was successfully divested in September 2009 for S$5.5 million in September 2009.

Our Singapore office now serves as the Group's Corporate Headquarters, which houses our business development, group supply chain management, human resources, advanced technology as well as finance functions.

Forward Strategy

Despite a challenging H1FY2009 where revenue was adversely impacted by the economic crisis, the Group experienced an improved business outlook in H2FY2009, as reflected in the revenue recovery and return to profitability for continuing operations in 2HFY2009.

Looking forward, we will continue to focus on our fundamentals and business goals to maintain our competitiveness to customers while striving for sustainable, profitable growth for the Group.

In FY2010, the Group aligns its businesses to focus on 3 core areas, namely (1) Precision Components; (2) HDD Components; and (3) Mechanical Integration.

The Precision Components business is our conventional core business. While we started to kick-off new programs with new Computer Peripherals and existing Automotive customers in FY2010, its overall outlook remains subdued for the year, due mainly to the strategic shift in procurement strategy of a major customer since FY2009.

The macroeconomic market conditions for the HDD Components business is expected to be positive, where the strong demand recovery seen in H2FY2009 is expected to continue into FY2010. MCE is well-positioned to capitalize on our increased Electro-less Nickel Plating capacity acquired in FY2009 to take advantage of the favourable market environment.

The Group started its Mechanical Integration business in FY2006, which is currently supported by our Malaysia and Qingpu plants. With our enhanced product design capability, we are seeing good growth momentum in this business segment, particularly in securing of Kiosk-related business orders. Through our continued focus on enhancing operational excellence, coupled with capitalizing on new market opportunities, we will continue to develop the Mechanical Integration business as a platform for long-term growth for MCE in FY2010 and beyond.

Following the successful divestment of the Senoko property and Thailand operations, the Group will continue its efforts to strengthen its financial position through more effective deployment of its assets.

In view of the above, barring unforeseen circumstances, the Group expects to be profitable in FY2010.

Appreciation

On behalf of the Board, I like to thank all our shareholders, dedicated staff, customers and business partners for their continued support.

Thank you.

Chua Kheng Choon
Chairman and Chief Executive Officer

Board of Directors

Chua Kheng Choon
CEO and Chairman

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
Deputy CEO &
Executive Director

Chua Han Min, our Deputy CEO, 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 Soo Yong
Business Development Director &
Executive Director

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 MCE initially as a Marketing Manager, before he was promoted to General Manager of MCE Shanghai, playing 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
Lead Independent Director

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 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.

Wong Chee Wai
Independent Director

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.

Mr Cheah Chow Seng
Independent Director

Cheah Chow Seng, is our Independent Director. Mr Cheah held various appointments in Hewlett-Packard Singapore (Private) Limited ("HP") from 1979 to 2008. His most recent position was Vice-President of Manufacturing Operations for HP's printing and imaging group. In this position, Mr Cheah played a leadership role in shaping HP's printing group global manufacturing strategy, and developing its manufacturing ecosystem, especially in Asia. He left HP in 2008 to pursue personal interests. He presently consults for several local enterprises. Mr Cheah also sits on the board of Source Photonics Inc., a private limited company based in the US. He holds a Bachelor and Masters Degree in Mechanical Engineering and Computer Aided Design from the Heriot-Watt University, UK. Mr Cheah also attended the Wharton School Executive Management Program. In September 2005, Mr Cheah was awarded the White Magnolia Award by the Shanghai municipal government for his contributions to the Shanghai city industrial development.

Key Management

Tan Kwang Hwee William, our Chief Financial Officer, is responsible for managing our Group's financial matters. Mr Tan began his career with SGX Mainboard-listed Liang Huat Aluminium Ltd, holding various management positions with roles including corporate affairs, finance & SGX reporting, HR & administration, as well as operations. He last held the position of Manager (Corporate & Operations), and played a key role in Liang Huat's successful S$140 million corporate restructuring exercise. Mr Tan subsequently joined KPMG Singapore, where he was involved in audits of MNCs and local clients spanning multi-industries.

A Qualified Accountant and also an Engineer by training, Mr Tan graduated with Honours with a Bachelor of Engineering (Mechanical) from the National University of Singapore. He also holds a Bachelor of Science in Applied Accounting (First Class Honours) from the Oxford Brookes University, UK. A Certified Public Accountant and a Chartered Certified Accountant, Mr Tan is a non-practising member of the Institute of Certified Public Accountants of Singapore, and a member of the Association of Chartered Certified Accountants (ACCA), UK. He was also an ACCA Prizewinner and Top 30 Affiliate.

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).

Soh Boon Seng is the General Manager for our Johor Bahru operations, responsible for the day-to-day operations of the four plants focused on the high-mix-low-volume industries. In his previous employment, he was the Assistant Operations Manager for Jabil in Guangzhou plant, Senior Manufacturing Director for Allied Telesyn Singapore, Operations Manager for Natsteel Electronics Batam and Engineering Manager for Apple Computer Singapore. Mr Soh holds a First Class Honors degree in Electrical and Electronics Engineering from the National University of Singapore.

Goh Hin Tiang is the Special Assistant to our CEO and Chairman. He is responsible for assisting our CEO and overseeing China Operations. He last held the position of Senior Vice President-Global Supply Chain Operations with UT-Starcom Inc, based in Hangzhou, China. Prior to this, he held various positions in general management, operations management and supply chain functions in Hewlett Packard Singapore, AMD International, Western Digital Singapore, Wearnes Peripherals International and Venture Corporation.

He holds a Master in Business Administration from University of Brunel University/Henley Management College (UK) as well as Bachelor of Science (Honours) degree in Production Engineering and Management from the University of Strathclyde (UK). He also holds various qualifications in Production Engineering, Mechanical Engineering, Industrial Management and Management Consultancy.

Corporate Information

Board of Directors

Chua Kheng Choon
Chairman and CEO

Chua Han Min
Deputy CEO

Tan Soo Yong
Executive Director

Lim Chin Tong
Non-Executive & Lead Independent Director

Wong Chee Wai
Independent Non-Executive Director

Cheah Chow Seng
Independent Non-Executive Director

Audit Committee

Lim Chin Tong *(Chairman)*
Wong Chee Wai
Cheah Chow Seng

Remuneration Committee

Wong Chee Wai *(Chairman)*
Lim Chin Tong
Cheah Chow Seng

Nominating Committee

Cheah Chow Seng *(Chairman)*
Lim Chin Tong
Wong Chee Wai

Company Secretaries

Seah Jim Hong, Gerard
Tan Kwang Hwee, William

Share Registrar and Share Transfer Office

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

Sponsor

Collins Stewart Pte. Limited
77 Robinson Road
#21-02
Singapore 068896

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

10 Ang Mo Kio St 65
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Tel: (65) 6759 5575
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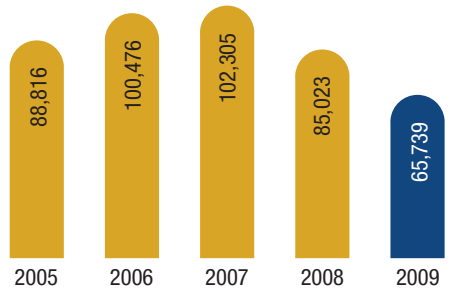
www.mce.com.sg
Registration No.: 198804700N

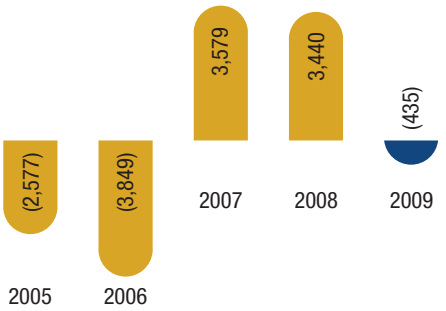
Five-Year Financial Highlights

S$'000	2005	2006	2007	2008	2009
Group Financial Performance					
Turnover	88,816	100,476	102,305	85,023	65,739
Profit / (Loss) before income tax	(3,308)	(4,597)	3,593	3,558	718
Net Profit / (Loss) to Shareholders	(2,577)	(3,849)	3,579	3,440	(435)
Earnings Per Share	(2.23)	(2.99)	2.39	2.29	(0.29)
Group Financial Position					
Property Plant & Equipment	38,085	35,180	35,434	33,573	26,033
Current Assets	47,058	45,955	46,967	45,720	46,970
Current Liabilities	47,484	49,285	48,531	44,442	37,985
Non-current Liabilties	13,240	10,756	9,185	6,184	7,082
Shareholders' Equity	21,955	19,391	23,140	27,689	26,662

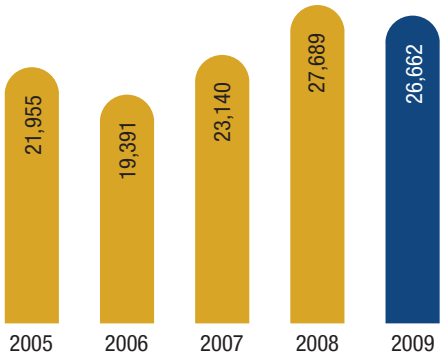
Turnover
(S$'000)



Net Profit / (Loss) Attributable to Shareholders
(S$'000)



Shareholders' Equity
(S$'000)



Corporate Governance

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 principal 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 2009, 4 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	4
Chua Han Min	4
Tan Hock Lye (resigned on 30.9.2009)	3
Tan Soo Yong	3
Lim Chin Tong	4
Ong Sim Ho (retired on 28.4.2009)	1
Wong Chee Wai	4
Cheah Chow Seng (appointed on 8.7.2009)	2

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.

Corporate Governance

Executive Committee

The Executive Committee currently comprises three Executive Directors, namely Chua Kheng Choon, Chua Han Min 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 out 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.

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 six 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 in pages 4 and 5. 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.

At present, Chua Kheng Choon holds the position of Chairman and Chief Executive Officer. As Chairman of the Board, he schedules meetings and prepares the agenda with the assistance of the Company Secretaries. Members of the Board, having direct access to the Company Secretaries, are also able to add matters of concern for discussion during the meetings.

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.

Corporate Governance

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, Cheah Chow Seng (Chairman), Wong Chee Wai and Lim Chin Tong.

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 out 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	27.4.2007	Metal Component Engineering Limited
Chua Han Min	Executive / Non-independent	29.4.2003	27.4.2009	Metal Component Engineering Limited
Tan Hock Lye (resigned on 30.9.2009)	Executive / Non-independent	22.12.1988	25.4.2008	Metal Component Engineering Limited
Tan Soo Yong	Executive / Non-independent	3.1.2005	27.4.2007	Metal Component Engineering Limited
Lim Chin Tong	Non-executive / Independent	5.2.2003	25.4.2008	Metal Component Engineering Limited Manufacturing Integration Technology Ltd FibreChem Technologies Ltd Fastube Ltd MEC Resources Ltd Valuetronics Holding Ltd Rotol Singapore Ltd

Corporate Governance

Director	Appointment	Date of initial appointment	Date of last re-election	Directorship in listed companies
Ong Sim Ho (retired on 28.4.2009)	Non-executive / Independent	4.11.2003	29.4.2006	Metal Component Engineering Limited Innovalues Precision Limited Eucon Holding Limited Sunningdale Tech Ltd
Wong Chee Wai	Non-executive / Independent	4.11.2003	29.4.2006	Metal Component Engineering Limited
Cheah Chow Seng (appointed on 8.7.2009)	Non-executive / Independent	8.7.2009	-	Metal Component Engineering Limited

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

The shareholdings of the individual Directors of the Company are set out in the Directors' Report.

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 2009, 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 reports 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 attend all Board meetings and are 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 advice and keep the Board informed of such advice, with such costs to be borne by the Company.

Corporate Governance

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 Cheah Chow Seng. Wong Chee Wai is the Chairman of the 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, 29 May 2007 and 8 May 2009 and adequate disclosures have been made in the audited financial statements.

Corporate Governance

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 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 2009 are as follows:

Remuneration Bands	Fees	Salary	Bonus	Other Benefits	Total
	%	%	%	%	%
$250,000 to <$500,000					
Directors					
Chua Kheng Choon	-	81	15	4	100
Chua Han Min	-	78	18	4	100
Tan Hock Lye (resigned on 30.9.2009)	-	95	-	5	100
Tan Soo Yong	-	81	15	4	100
Below $250,000					
Directors					
Lim Chin Tong	# 100	-	-	-	100
Ong Sim Ho (retired on 28.4.2009)	-	-	-	-	-
Wong Chee Wai	# 100	-	-	-	100
Cheah Chow Seng (appointed on 8.7.2009)	# 43	-	-	## 57	100
Key Executives					
Goh Hin Tiang (appointed on 1.9.2009)	-	100	-	-	100
Chiu Hung Mo	-	94	6	-	100
Lim Geok Lan Regina (resigned on 16.10.2009)	-	84	16	-	100
Tan Kwang Hwee William (appointed on 17.10.2009)	-	100	-	-	100
Tan Yew Seng Victor	-	95	5	-	100

The Directors' Fees totaling $81,000 for Independent Directors has been proposed for shareholders' approval in the annual general meeting. No payment for 2009 fees has been paid yet.

Mr Cheah Chow Seng's benefits include consultancy fees paid by the Company to Mindspeak Pte Ltd, a company in which Mr Cheah Chow Seng is a director and shareholder. The Board has reviewed the nature of the services provided by Mindspeak Pte Ltd and is satisfied with the independence of Mr Cheah Chow Seng.

Corporate Governance

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 Lim Chin Tong (Chairman), Wong Chee Wai and Cheah Chow Seng. 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 Listing Manual of the Singapore Exchange Securities Trading Limited Section B: Rules of Catalist (the "Catalist Rules"), 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 Catalist Rules; 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 2009 with all members present.

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.

Corporate Governance

INTERESTED PERSON TRANSACTIONS

In compliance with Chapter 9 of the Catalist Rules, the Group confirms that there were no interested person transactions within the materiality thresholds under Rule 905 and 906 of the Catalist Rules for the financial year ended 31 December 2009. For the financial year ended 31 December 2009, consultancy fees below S$100,000 were paid to Mindspeak Pte Ltd, a company of which Mr Cheah Chow Seng, a Director of the Company, is a director and shareholder. As the amount of such fees was less than S$100,000 such fees were not taken in account for purposes of aggregation of interested person transactions under Rule 905 and Rule 906 of the Catalist Rules.

NON-SPONSOR FEES

In compliance with Rule 1204(20) of the Catalist Rules, there was no non-sponsor fee paid to the Sponsor, Collins Stewart Pte. Limited, subsequent to the Company's successful transition to the Catalist sponsor-supervised regime on 28 December 2009 to the date of printing of this Annual Report.

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 present their report to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2009.

1. DIRECTORS

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

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

Non-executive Independent Directors:
Lim Chin Tong
Wong Chee Wai
Cheah Chow Seng (Appointed on 8 July 2009)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate except for the options 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:

	Holdings registered in name of directors		Holdings in which directors are deemed to have an interest	
	At 1.1.2009 or date of appointment, if later	At 31.12.2009	At 1.1.2009 or date of appointment, if later	At 31.12.2009
Metal Component Engineering Limited *(No. of ordinary shares)*				
Chua Kheng Choon	13,389,666	13,389,666	3,335,000	3,335,000
Chua Han Min	7,302,000	7,302,000	4,680,000	3,680,000
Tan Soo Yong	9,177,666	9,177,666	-	718,000
Lim Chin Tong	4,973,000	5,154,000	-	-
Cheah Chow Seng	-	542,000	-	-

Directors' Report

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (cont'd)

In addition to the above, certain directors have interests in the options of the Company as mentioned in paragraph 5 below. There was no change in any of the above mentioned interests between the end of the financial year and 21 January 2010.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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.

5. OPTIONS TO TAKE UP UNISSUED SHARES (cont'd)

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.

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 2009

Date of grant	Balance at 1.1.2009	Granted	Cancelled/ lapsed	Balance at 31.12.2009	Exercise price	Exercise period
					SGD	
24.8.2004	1,450,000	-	(450,000)	1,000,000 (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	5,000,000	-	(1,100,000)	3,900,000 (i)	0.090	29.5.2008 to 28.5.2017
29.5.2007	800,000	-	-	800,000 (ii)	0.090	29.5.2008 to 29.5.2012
8.5.2009	-	7,140,000	(1,400,000)	5,740,000 (i)	0.051	8.5.2010 to 7.5.2019
8.5.2009	-	600,000	-	600,000 (ii)	0.051	8.5.2010 to 7.5.2014
	7,550,000	7,740,000	(3,250,000)	12,040,000		

5. OPTIONS TO TAKE UP UNISSUED SHARES (cont'd)

Year 2008

Date of grant	Balance at 1.1.2008	Granted	Cancelled/ lapsed	Balance at 31.12.2008	Exercise price	Exercise period
					SGD	
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)	0.090	29.5.2008 to 28.5.2017
29.5.2007	800,000	-	-	800,000 (ii)	0.090	29.5.2008 to 28.5.2012
	8,500,000	-	(950,000)	7,550,000		

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

The following table summarises information about directors' and key executives' share options outstanding at 31 December 2009:

Name of participants	Options granted during the financial year	Aggregate options granted since commencement of scheme to 31.12.2009	Aggregate options exercised since commencement	Aggregate options lapsed since commencement of scheme to 31.12.2009	Aggregate options outstanding as at 31.12.2009
Directors of the Company					
Executive Directors:					
Chua Kheng Choon (5)	1,270,000	2,970,000	-	-	2,970,000
Tan Hock Lye (resigned on 30.9.2009)	800,000	1,800,000	-	(1,800,000)	-
Chua Han Min (5)	1,570,000	2,970,000	-	-	2,970,000
Tan Soo Yong (5)	900,000	1,800,000	-	-	1,800,000
Non-executive Independent Directors:					
Lim Chin Tong	300,000	700,000	-	(100,000)	600,000
Ong Sim Ho (retired on 28.4.2009)	-	350,000	-	(100,000)	250,000
Wong Chee Wai	300,000	650,000	-	(100,000)	550,000
Sub-total	5,140,000	11,240,000	-	(2,100,000)	9,140,000

5. OPTIONS TO TAKE UP UNISSUED SHARES (cont'd)

Name of participants	Options granted during the financial year	Aggregate options granted since commencement of scheme to 31.12.2009	Aggregate options exercised since commencement	Aggregate options lapsed since commencement of scheme to 31.12.2009	Aggregate options outstanding as at 31.12.2009
Other participants who received 5% or more of the total available options other than Directors					
Chiu Hung Mo [(1), (5)]	600,000	900,000	-	-	900,000
Tan Yew Seng Victor [(2), (5)]	600,000	900,000	-	-	900,000
Tan Wee Suan Mavis [(3), (5)]	500,000	750,000	-	-	750,000
Lim Geok Lan Regina [(4)]	600,000	1,150,000	-	(1,150,000)	-
Sub-total	2,300,000	3,700,000	-	(1,150,000)	2,550,000
Total	7,440,000	14,940,000	-	(3,250,000)	11,690,000

Note:

(1) Chiu Hung Mo holds the position of General Manager of Metal Component Technologies (Wuxi) Co., Ltd and Metal Computer Component (Suzhou) Limited, the subsidiaries of the Company.

(2) Tan Yew Seng Victor holds the position of General Manager of MCE Industries (Shanghai) Co., Ltd, the subsidiary of the Company.

(3) Tan Wee Suan Mavis holds the position of Corporate Materials Manager of the Company.

(4) Lim Geok Lan Regina, the previous Chief Finance Officer of the Company.

(5) Participants received 5% or more of total available options.

No options have been granted to controlling shareholders of the Company or their associates (as defined in the Catalist Rules).

Save 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.

Directors' Report

8. AUDIT COMMITTEE

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

Lim Chin Tong	(Chairman and Lead Independent Director)
Wong Chee Wai	(Independent Non-executive Director)
Cheah Chow Seng	(Independent 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 controls, 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 Catalist Rules).

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 27 February 2010, which would materially affect the Group's and the Company's operating and financial performances as of the date of this report.

Directors' Report

On behalf of the directors

_____
Chua Kheng Choon
Director

_____
Chua Han Min
Director

SINGAPORE
18 March 2010

Statement by Directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 28 to 81 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 2009 and of the results of the business, 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
18 March 2010

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") set out on pages 28 to 81, which comprise the statements of financial position of the Group and the Company as at 31 December 2009, the consolidated statement of comprehensive income, statement of changes in equity, consolidated statement of cash flows of the Group and the statement of changes in equity of the Company 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 safeguarded 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 statements of financial position 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 judgement, 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 consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 Group and of the Company as at 31 December 2009 and of 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
Public Accountants and
Certified Public Accountants, Singapore
A member firm of Morison International

Wan Tong Chee Paul
Partner

SINGAPORE
18 March 2010

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2009

	Note	The Group 2009 SGD	2008 SGD
Continuing operations			
Revenue	4	65,739,298	85,023,158
Other income	5	328,251	216,893
Raw materials and consumables used		(31,595,188)	(49,400,502)
Changes in inventories of finished goods and work-in-progress		(5,288,098)	801,797
Employee benefits expense	6	(12,330,461)	(15,000,093)
Depreciation expense		(3,764,379)	(3,635,455)
Other credits/(charges)	7	684,019	(719,340)
Finance costs	8	(1,169,966)	(1,520,581)
Other expenses		(11,885,845)	(12,207,593)
Profit before tax	9	717,631	3,558,284
Income tax (expense)/credit	10	(126,394)	18,052
Profit from continuing operations		591,237	3,576,336
Discontinued operations			
Loss from discontinued operations	11	(1,278,296)	(169,934)
Total (loss)/profit		(687,059)	3,406,402
Other comprehensive income, net of tax			
Currency translation differences arising from consolidation		(591,416)	1,183,549
Total comprehensive (loss)/income for the year		(1,278,475)	4,589,951
(Loss)/Profit attributable to :			
Equity holders of the Company		(435,235)	3,439,879
Minority interests		(251,824)	(33,477)
		(687,059)	3,406,402
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(1,043,281)	4,655,996
Minority interests		(235,194)	(66,045)
		(1,278,475)	4,589,951
Earnings per share for profit from continuing operations attributable to equity holders of the Company (cents per share)			
- Basic	28	0.56	2.41
- Diluted	28	0.56	2.41
Loss per share for profit from discontinued operations attributable to equity holders of the Company (cents per share)			
- Basic	28	(0.85)	(0.11)
- Diluted	28	(0.85)	(0.11)

The notes set out on pages 34 to 81 form an integral part of these financial statements.

Statements of Financial Position

as at 31 December 2009

	Note	The Group 2009	The Group 2008	The Company 2009	The Company 2008
		SGD	SGD	SGD	SGD
ASSETS					
Non-current assets					
Property, plant and equipment	12	26,032,871	33,572,810	998,957	2,992,617
Investment property	13	-	-	-	1,201,988
Investment in subsidiaries	14	-	-	24,681,583	24,164,190
Other assets	15	88,500	118,190	88,500	88,500
Financial asset, available-for-sale	16	-	327,075	-	-
Other receivables	18	-	173,680	-	-
Total non-current assets		26,121,371	34,191,755	25,769,040	28,447,295
Current assets					
Inventories	17	10,320,304	12,746,537	1,215,549	1,028,409
Trade and other receivables	18	20,179,950	23,429,269	44,110,093	82,036,057
Assets classified as held-for-sale	19	-	470,076	-	-
Cash and cash equivalents	20	9,207,258	9,074,304	5,350,614	3,759,104
		39,707,512	45,720,186	50,676,256	86,823,570
Disposal group classified as held-for-sale	11	7,262,514	-	-	-
Total current assets		46,970,026	45,720,186	50,676,256	86,823,570
TOTAL ASSETS		73,091,397	79,911,941	76,445,296	115,270,865
EQUITY AND LIABILITIES					
Equity					
Share capital	21	18,171,227	18,171,227	18,171,227	18,171,227
Retained earnings		7,008,894	7,504,924	3,410,760	2,828,162
Other reserves	22	1,481,828	2,012,940	232,289	216,150
Equity attributable to equity holders of the Company		26,661,949	27,689,091	21,814,276	21,215,539
Minority interests		1,361,751	1,596,945	-	-
Total equity		28,023,700	29,286,036	21,814,276	21,215,539
Non-current liabilities					
Deferred tax liabilities	10	421,448	546,632	-	33,613
Long-term borrowings	24	5,602,451	4,502,092	5,602,451	4,502,092
Finance leases	25	1,058,320	1,135,241	1,058,320	1,118,560
Total non-current liabilities		7,082,219	6,183,965	6,660,771	5,654,265

The notes set out on pages 34 to 81 form an integral part of these financial statements.

Statements of Financial Position

as at 31 December 2009

	Note	The Group 2009	The Group 2008	The Company 2009	The Company 2008
		SGD	SGD	SGD	SGD
Current liabilities					
Income tax payable		79,130	10,470	-	-
Trade and other payables	26	23,795,885	22,812,134	37,321,098	72,046,846
Short-term borrowings	27	10,472,750	18,515,287	7,274,121	13,481,148
Long-term borrowings	24	2,386,305	1,831,875	2,386,305	1,697,045
Finance leases	25	1,005,406	1,272,174	988,725	1,176,022
		37,739,476	44,441,940	47,970,249	88,401,061
Liabilities for disposal group classified as held-for-sale	11	246,002	-	-	-
Total current liabilities		37,985,478	44,441,940	47,970,249	88,401,061
Total liabilities		45,067,697	50,625,905	54,631,020	94,055,326
TOTAL EQUITY AND LIABILITIES		73,091,397	79,911,941	76,445,296	115,270,865

The notes set out on pages 34 to 81 form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2009

The Group

	Note	Share capital	Retained earnings	Share option reserve	Translation reserve	Statutory reserve	Total attributable to equity holders of the Company	Minority interests	Total equity
		SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
Balance as at 1 January 2009		18,171,227	7,504,924	216,150	385,117	1,411,673	27,689,091	1,596,945	29,286,036
Total comprehensive loss for the year		-	(435,235)	-	(608,046)	-	(1,043,281)	(235,194)	(1,278,475)
Share-based payments	23	-	-	16,139	-	-	16,139	-	16,139
Transfer to other reserves	22	-	(60,795)	-	-	60,795	-	-	-
Balance as at 31 December 2009		18,171,227	7,008,894	232,289	(222,929)	1,472,468	26,661,949	1,361,751	28,023,700
Balance as at 1 January 2008		18,171,227	4,615,217	172,723	(831,000)	1,011,501	23,139,668	1,662,990	24,802,658
Total comprehensive income for the year		-	3,439,879	-	1,216,117	-	4,655,996	(66,045)	4,589,951
Dividend	29	-	(150,000)	-	-	-	(150,000)	-	(150,000)
Share-based payments	23	-	-	43,427	-	-	43,427	-	43,427
Transfer to other reserves	22	-	(400,172)	-	-	400,172	-	-	-
Balance as at 31 December 2008		18,171,227	7,504,924	216,150	385,117	1,411,673	27,689,091	1,596,945	29,286,036

The notes set out on pages 34 to 81 form an integral part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2009

The Company

	Note	Share capital	Retained earnings	Share option reserve	Total equity
		SGD	SGD	SGD	SGD
Balance as at 1 January 2009		18,171,227	2,828,162	216,150	21,215,539
Total comprehensive income for the year		-	582,598	-	582,598
Share-based payments		-	-	16,139	16,139
Balance as at 31 December 2009		18,171,227	3,410,760	232,289	21,814,276
Balance as at 1 January 2008		18,171,227	534,058	172,723	18,878,008
Total comprehensive income for the year		-	2,444,104	-	2,444,104
Share-based payments		-	-	43,427	43,427
Dividend	29	-	(150,000)	-	(150,000)
Balance as at 31 December 2008		18,171,227	2,828,162	216,150	21,215,539

The notes set out on pages 34 to 81 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2009

	Note	The Group 2009	2008
		SGD	SGD
Cash flows from operating activities			
(Loss)/Profit before income tax		(560,665)	3,388,350
Adjustments for:			
Depreciation expense	12	4,236,115	4,233,499
Gain on disposal of plant and equipment		(2,282,323)	(381,757)
Gain on disposal of subsidiary		-	(9,692)
Loss on disposal of other assets		7,338	-
Interest income		(8,759)	(32,228)
Interest expense		1,169,966	1,520,581
Allowance for impairment of discontinued operation		1,077,171	-
Reversal of provision for share-based payment expenses		(71,886)	(20,529)
Share-based payment expenses		88,025	63,956
Operating profit before working capital changes		3,654,982	8,762,180
Cash restricted in use	20	(217,719)	(246,531)
Inventories		2,414,281	(2,147,493)
Trade and other receivables		1,755,004	5,029,669
Assets classified as held-for-sale		6,855	-
Trade and other payables		1,229,984	(5,118,446)
Cash generated from operations		8,843,387	6,279,379
Income tax paid		(171,388)	(112,462)
Net cash generated from operating activities		8,671,999	6,166,917
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		6,342,944	804,833
Purchase of property, plant and equipment	12, 20	(5,936,741)	(2,100,680)
Proceeds from disposal of other assets		22,352	12,622
Interest received		8,759	32,228
Net cash generated from/(used in) investing activities		437,314	(1,250,997)
Cash flows from financing activities			
Repayment of borrowings		(12,916,426)	(2,069,707)
Proceeds from borrowings		6,500,000	-
Repayment of finance leases		(1,411,931)	(1,340,022)
Interest paid		(1,169,966)	(1,520,581)
Dividend paid	29	-	(150,000)
Net cash used in financing activities		(8,998,323)	(5,080,310)
Net effect of exchange rate changes in consolidating subsidiaries		(133,258)	452,890
Net (decrease)/increase in cash and cash equivalents		(22,268)	288,500
Cash and cash equivalents at beginning of year		6,616,147	6,327,647
Cash and cash equivalents at end of year	20	6,593,879	6,616,147

The notes set out on pages 34 to 81 form an integral part of these financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2009

1. GENERAL

The Company is incorporated in Singapore with its registered office at 10 Ang Mo Kio Street 65, #04-02 Techpoint, Singapore 569059. The Company is listed on the SGX-Catalist of the Singapore Exchange Securities Trading Limited.

The principal activities of the Company consist of metal stamping and manufacturing of tools and fixtures. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2009 were authorised for issue by the Board of Directors on 18 March 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements expressed in Singapore dollars are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and have been properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2009. Changes in the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The following are new or revised FRS and INT FRS that are relevant to the Company:

- FRS 1 (revised) *Presentation of financial statements* (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statements of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated statements of financial position is required to be presented as at the beginning comparative period. There is no restatement of the statements of financial position as at 1 January 2008 in the current financial year.

- FRS 108 *Operating segments* (effective from 1 January 2009) replaces FRS 14 *Segment reporting*, and requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a change to the reportable segments presented. Segment revenue, segment profits and segment assets are also measured on a basis that is consistent with internal reporting.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Basis of Preparation (cont'd)

- Amendment to FRS 107 *Improving disclosures about financial statements* (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Group.

Basis of Consolidation

The consolidation accounting method is used for the consolidated financial statements which include the financial statements made up to the end of each reporting period of the Company and of those companies in which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. 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.

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 *Business Combinations*, 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 or loss.

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 statement of comprehensive income and within equity in the statements of financial position, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Subsidiaries

A subsidiary is an entity 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.

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 consolidated statement of cash flows 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 consolidated statement of cash flows.

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.

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 statements of financial position in trade and other receivables as current assets or as non-current assets where the maturities are greater than 12 months after the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 where the cost is not recoverable or if their selling prices have declined.

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 other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

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 close of business at the end of reporting period. 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.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the statement of comprehensive income.

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

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 depreciable 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 statement of financial position. The effects of any revision are included in profit or loss 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 statement of comprehensive income. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

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 profit or loss 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment of Financial Assets

The Group assesses at end of each reporting 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 profit or loss.

  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 profit or loss, 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 (or 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.

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 profit or loss 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 statements of financial position date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 statement of financial position 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 profit or loss 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 profit or loss 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 profit or loss.

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 (cont'd)

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 individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Borrowings Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowings 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Employee Benefits

Retirement benefit costs

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.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal government whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Scheme is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged to profit or loss as incurred.

Employee leave entitlement

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.

Government Grants – Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognized upon receipt. Such grants are provided to defray the wage costs incurred by the Group and are offset against staff costs in the financial statements.

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 the end of each reporting period, 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 profit or loss, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the management for allocating resources and assessing performance of the operating segments.

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 statement of financial position 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 made 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 customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful accounts. At the end of reporting period, 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 end of reporting period.

- *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.

- *Deferred Income 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 such as 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Critical Judgments, Assumptions and Estimation Uncertainties (cont'd)

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 an allowance is recorded 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. RELATED PARTY TRANSACTIONS (cont'd)

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. The current intercompany balances are unsecured, interest free and repayable on demand 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.

3.2 Key management compensation:

	The Group	
	2009	2008
	SGD	SGD
Salaries and other short-term employee benefits	1,799,856	2,083,356
Share-based compensation	88,025	63,956

The above amounts are included under employee benefits expense. Included in the above was remuneration to directors of the Company amounting to SGD1,191,554 (2008: SGD1,424,743) and directors' fee of SGD81,000 (2008: SGD81,000). The 2009 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 (2008: five) other key management personnel.

4. REVENUE

	The Group	
	2009	2008
	SGD	SGD
Sales of goods	63,748,189	81,721,025
Sales of scrap	1,991,109	3,302,133
	65,739,298	85,023,158

Notes to the Financial Statements

for the financial year ended 31 December 2009

5. OTHER INCOME

	The Group	
	2009	2008
	SGD	SGD
Sundry income	319,492	190,952
Interest income from third parties	8,759	25,941
	328,251	216,893

6. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2009	2008
	SGD	SGD
Staff costs including directors' remuneration	11,589,243	13,916,336
Contributions to defined contribution plans	741,218	1,083,757
Presented as employee benefits expense in statement of comprehensive income	12,330,461	15,000,093
Share-based compensation included in other charges	88,025	63,956
	12,418,486	15,064,049

7. OTHER (CREDITS)/CHARGES

	The Group	
	2009	2008
	SGD	SGD
Bad debts recovered	(77,160)	-
Gain on disposal of plant and equipment	(2,282,323)	(328,691)
Gain on disposal of subsidiary	-	(9,692)
Reversal of provision for share-based compensation	(71,886)	(20,529)
Allowance for impairment on inventories	564,482	47,188
Allowance for impairment on trade receivables	709,739	-
Foreign exchange losses	377,766	967,108
Loss on disposal of other assets	7,338	-
Share-based compensation	88,025	63,956
	(684,019)	719,340

8. FINANCE COSTS

	The Group	
	2009	2008
	SGD	SGD
Interest on:		
Bank overdrafts	86,340	67,598
Trade financing	228,470	410,988
Finance lease liabilities	159,143	138,653
Term loans	696,013	903,342
	1,169,966	1,520,581

9. PROFIT BEFORE TAX

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

	The Group	
	2009	2008
	SGD	SGD
Other fees paid/payable to auditors included in other expense		
- Auditor of the Company	6,000	6,000
- Other auditors	603	16,393

10. INCOME TAX EXPENSE/(CREDIT)

		The Group	
		2009	2008
		SGD	SGD
Income tax	- current	234,967	111,204
	- over provision in prior years	5,747	(3,829)
Deferred tax		(114,320)	(125,427)
Total income tax expense/(credit)		126,394	(18,052)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2008: 18%) to profit before income tax as a result of the following differences:-

	The Group	
	2009	2008
	SGD	SGD
(Loss)/Profit before income tax	(560,665)	3,388,350
Income tax benefit at statutory rate	(95,313)	609,903
Non-allowable items	50,142	(159,172)
Income not subject to tax	(4,276)	(10,937)
Investment allowance utilised	-	(248,733)
Over provision in prior years	(9,468)	(3,829)
Deferred tax assets not recognised	404,033	199,928
Effect of changes in tax rate	(16,480)	(23,487)
Exemptions and rebates	(89,260)	(696,934)
Utilisation of deferred tax assets previously not recognised	(373,073)	(350,195)
Differences in effective tax rates of overseas subsidiaries	135,462	620,355
Other items	124,627	45,049
Total tax expense/(income)	126,394	(18,052)

The corporate income tax rate applicable to Malaysian companies of the Group was reduced to 25% for the year of assessment 2009 from 26% for year of assessment 2008.

10. INCOME TAX EXPENSE/(CREDIT) (cont'd)

The deferred tax amounts are as follows:

	Statements of financial position		Net change in statement of comprehensive income	
	2009	**2008**	**2009**	**2008**
	SGD	SGD	SGD	SGD
The Group				
Deferred tax liabilities:				
Excess of carrying amount of plant and equipment	421,448	546,632	-	(144,419)
Total deferred tax liabilities	421,448	546,632	-	(144,419)
Deferred tax assets:				
Tax losses carried forward	551,405	521,740	29,665	5,561
Wear & tear allowances carried forward	44,769	44,769	-	(3,371)
Double deduction claim	4,680	4,680	-	-
Others	(56,272)	(56,272)	-	(92,791)
Deferred tax assets not recognised	(543,507)	(514,917)	(28,590)	90,601
Foreign exchange adjustments	(1,075)	-	(1,075)	18,992
Total deferred tax assets	-	-	-	18,992
Net total of deferred tax liabilities	421,448	546,632	-	(125,427)
Presented in the statement of financial position as follows:				
Deferred tax liabilities	421,448	546,632		

10. INCOME TAX EXPENSE/(CREDIT) (cont'd)

	Statement of financial position		Net change in statement of comprehensive income	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
The Company				
Deferred tax liabilities:				
Excess of carrying amount of plant and equipment	-	33,613	33,613	52,084
Total deferred tax liabilities	-	33,613	33,613	52,084
Deferred tax assets:				
Tax losses carry forward	(165,790)	407,897	(165,790)	(34,391)
Double deduction claim	-	4,680	-	-
Deferred tax assets not recognised	165,790	(412,577)	165,790	52,862
Total deferred tax assets	-	-	-	18,471
Net total of deferred tax liabilities	-	33,613	33,613	33,613
Presented in the statement of financial position as follows:				
Deferred tax liabilities	-	33,613		
Net total of deferred tax liabilities	-	33,613		

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 investment enterprises are subject to the statutory income tax rate of 25% 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.

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. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

Following the proposed disposal by the Group's management on 15 December 2009 and the subsequent approval by the shareholders on 22 January 2010 to dispose 80.3% of the issued ordinary shares of MCE Industries (Thailand) Co., Ltd. ("MCET") at a consideration of Baht 134,904,000, the entire assets and liabilities of MCET are classified as a disposal group held-for-sale on the statements of financial position and the entire result from MCET are presented separately on the consolidated statement of comprehensive income as "Discontinued operations". The transaction has been completed on 25 January 2010.

The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	The Group	
	2009	2008
	SGD	SGD
Revenue	2,266	2,673,177
Other income	399,016	321,610
Expenses	(602,407)	(3,164,721)
Loss before tax from discontinued operations	(201,125)	(169,934)
Income tax expense	-	-
Loss after tax from discontinued operations	(201,125)	(169,934)
Pre-tax loss recognised on the measurement to fair value less cost to sell on the assets from the discontinued operations	(1,077,171)	-
Income tax expense	-	-
After tax loss recognised on the measurement to fair value less cost to sell on the assets from the discontinued operations	(1,077,171)	-
Total loss from discontinued operations	(1,278,296)	(169,934)

	The Group
	2009
	SGD
Details of the assets in disposal group classified as held-for-sale are as follows:	
Property, plant and equipment	5,789,726
Assets classified as held-for-sale	463,349
Financial asset, available-for-sale (Note 16)	327,075
Trade and other receivables (net)	1,656,254
Inventories	12,040
Cash and cash in hand	91,174
Less: allowance for impairment	(1,077,171)
	7,262,447

Details of the liabilities directly associated with disposal group classified as held-for-sale are as follows:

Trade and other payables	246,002
	246,002

11. DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (cont'd)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	The Group	
	2009	2008
	SGD	SGD
Net cash generated from/(used in):		
Operating activities	32,211	(1,689,467)
Investing activities	-	691,060
Financing activities	-	-
Total cash inflows/(outflows)	32,211	(998,407)

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Leasehold land and properties	Plant and equipment	Total
	SGD	SGD	SGD
Cost:			
At beginning of year 1 January 2009	23,953,395	45,028,749	68,982,144
Foreign exchange adjustments	(111,358)	(677,802)	(789,160)
Additions	52,655	6,952,328	7,004,983
Disposal/Written off	(4,792,499)	(4,568,706)	(9,361,205)
Reclassified to disposal group	(11,021,738)	(5,449,655)	(16,471,393)
At end of year 31 December 2009	8,080,455	41,284,914	49,365,369
Accumulated depreciation and accumulated impairment loss:			
At beginning of year 1 January 2009	7,262,702	28,146,632	35,409,334
Foreign exchange adjustments	2,248	(332,948)	(330,700)
Depreciation charge			
- continuing operations	639,475	3,124,904	3,764,379
- discontinued operations	357,867	113,869	471,736
Disposal/Written off	(1,185,370)	(4,115,214)	(5,300,584)
Reclassified to disposal group	(5,338,124)	(5,343,543)	(10,681,667)
At end of year 31 December 2009	1,738,798	21,593,700	23,332,498
Carrying amount:			
At end of year 31 December 2009	6,341,657	19,691,214	26,032,871

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Group (cont'd)	Leasehold land and properties	Plant and equipment	Total
	SGD	SGD	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-sale	-	(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			
- continuing operations	460,178	3,175,277	3,635,455
- discontinued operations	598,044	-	598,044
Disposal/Written off	-	(1,990,638)	(1,990,638)
Arising from disposal of subsidiary	-	(35,500)	(35,500)
Reclassification as held-for-sale	-	(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

The Company	Leasehold land and properties	Plant and equipment	Total
	SGD	SGD	SGD
Cost:			
At beginning of year 1 January 2009	3,195,000	5,351,429	8,546,429
Additions	-	784,213	784,213
Disposal/Written off	(3,195,000)	(4,347,029)	(7,542,029)
At end of year 31 December 2009	-	1,788,613	1,788,613
Accumulated depreciation:			
At beginning of year 1 January 2009	791,024	4,726,788	5,553,812
Disposal/Written off	(791,024)	(4,217,249)	(5,008,273)
Depreciation for the year	-	244,117	244,117
At end of year 31 December 2009	-	789,656	789,656
Carrying amount:			
At end of year 31 December 2009	-	998,957	998,957

12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

The Company (cont'd)	Leasehold land and properties	Plant and equipment	Total
	SGD	SGD	SGD
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

Certain items are under finance lease agreements (see Note 25).

The Group's and the Company's leasehold properties with nil carrying amount (2008: SGD11,944,825 and SGD3,605,964 respectively) are mortgaged to banks as security for banking facilities as disclosed in Notes 24, 27 and 31.

13. INVESTMENT PROPERTY

The Company

	SGD
Cost:	
At beginning of year 1 January 2009	1,597,499
Disposal	(1,597,499)
At end of year 31 December 2009	-
Accumulated depreciation:	
At beginning of year 1 January 2009	395,511
Disposal	(395,511)
At end of year 31 December 2009	-
Carrying amount:	
At end of year 31 December 2009	-

13. INVESTMENT PROPERTY (cont'd)

The Company (cont'd)

	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

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

The investment property was mortgaged to banks as security for borrowings in prior year as disclosed in Note 24 and Note 27. The property was disposed off during the financial year.

14. INVESTMENT IN SUBSIDIARIES

	The Company	
	2009	2008
	SGD	SGD
Unlisted equity shares at cost	29,038,933	27,513,017
Less: Allowance for impairment	(4,357,350)	(3,348,827)
Net	24,681,583	24,164,190
Movements in allowance for impairment:		
Balance at beginning of year	3,348,827	2,367,507
Charged to profit or loss included in other charges	1,008,523	981,320
Balance at end of year	4,357,350	3,348,827

14. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the Company's subsidiaries are as follows:

Name of subsidiaries		Principal activities	Country of incorporation and operation	Effective percentage of equity held by Group	
				2009	2008
				%	%
Metal Precision Services Pte Ltd	(a)	Provision of services relating to metal wire cutting and milling	Singapore	100	100
MCE Technologies Sdn Bhd	(b)	Metal stamping and manufacturing of tools and fixtures	Malaysia	100	100
MCE Manufacturing Sdn Bhd	(b)	Manufacturing of metal components	Malaysia	100	100
Metal Component Engineering (Shanghai) Co., Ltd	(c)	Metal stamping and manufacturing of tools and fixtures	The People's Republic of China	100	100
Metal Component Technologies (Wuxi) Co., Ltd	(c)	Metal stamping and manufacturing of tools and fixtures	The People's Republic of China	100	100
MCE Industries (Shanghai) Co., Ltd	(c)	Metal stamping and manufacturing of tools and fixtures	The People's Republic of China	100	100
MCE Industries (Thailand) Co., Ltd	(d) *	Manufacturing and distribution of computer and chassis	Thailand	80.3	80.3
Metal Computer Component (Suzhou) Limited	(c)	Metal stamping and plating related activities	The People's Republic of China	100	100
Held by subsidiary:					
Metal Precision Services (India) Private Limited	(e)	Designing of precision engineering tools and fixtures	India	-	-

* Information on the discontinued operations of MCE Industries (Thailand) Co., Ltd is set out in Note 11.

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

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

14. INVESTMENT IN SUBSIDIARIES (cont'd)

(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.

As required under Rule 716 of the Catalist Rules, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group, especially since the different auditors are member firms of Morison International.

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 statement of financial position is shown above.

15. OTHER ASSETS

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Club memberships, at cost	88,500	118,190	88,500	88,500

The carrying value of the club memberships approximates its fair value.

16. FINANCIAL ASSET, AVAILABLE-FOR-SALE

	The Group	
	2009	2008
	SGD	SGD
Equity instrument (unquoted), at cost:		
Balance at beginning of year	327,075	327,075
Classified as disposal group held-for-sale (Note 11)	(327,075)	-
Balance at end of year	-	327,075

17. INVENTORIES

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Finished goods and goods for resale	2,741,091	3,346,949	42,738	528,423
Work-in-progress	2,740,711	4,000,639	62,765	274,564
Raw materials	4,838,502	5,398,949	1,110,046	225,422
	10,320,304	12,746,537	1,215,549	1,028,409

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

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Balance at beginning of year	1,033,631	1,588,579	174,203	421,051
Foreign exchange adjustment	(38,021)	5,623	-	-
Charged to/(Reversal from) profit or loss included in other charges (Note 7)				
- continuing operations	564,482	47,188	(5,667)	54,997
- discontinued operations	-	(73,796)	-	-
Inventories written off	(427,685)	(533,963)	(23,453)	(301,845)
Balance at end of year	1,132,407	1,033,631	145,083	174,203

18. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Current				
Trade receivables:				
Outside parties	18,556,969	20,671,752	9,277,559	10,447,711
Subsidiaries	-	-	17,794,651	51,345,235
Less: Allowance for impairment				
- Outside parties	(850,528)	(362,183)	(299,728)	(7,465)
- Subsidiary	-	-	(800,000)	(800,000)
Other receivables:				
Subsidiaries	-	-	17,257,506	20,801,500
Deposits	920,005	1,098,324	89,082	1,250
Other receivables	167,775	1,597,959	15,020	1,527
Tax refundable	317,071	34,630	160,873	232,445
Prepayments	1,068,658	388,787	615,130	13,854
Total trade and other receivables	20,179,950	23,429,269	44,110,093	82,036,057
Non-current				
Other receivables	-	173,680	-	-

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Movements in allowance for impairment:				
Balance at beginning of year	362,184	393,481	807,465	7,465
Foreign exchange adjustments	(12,987)	8,951	-	-
Charged to/(Reversed from) income statement included in other charges (Note 7)				
- continuing operations	709,739	-	292,263	800,000
- discontinued operations	-	(32,032)	-	-
Assets classified as disposal group held-for-sale	(131,248)	-	-	-
Bad debts written off	(77,160)	(8,216)	-	-
Balance at end of year	850,528	362,184	1,099,728	807,465

The average credit period generally granted to major trade receivables customers is about 45 - 60 days (2008: 45 - 60 days).

Concentration of trade receivables customers:

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Top 1 customer	4,205,480	2,878,094	4,205,480	2,878,094
Top 2 customers	5,844,115	7,243,895	5,630,788	5,731,360

18. TRADE AND OTHER RECEIVABLES (cont'd)

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

Included in other receivables in last financial year were:

(a) amount of Thai Baht 8,000,000 due from the purchaser of the disposal of a business segment of the subsidiary, MCE Industries (Thailand) Co., Ltd. The amount bears interest at 6% per annum.

(b) amount of Thai Baht 8,000,000 due from selling of machineries of its subsidiary, MCE Industries (Thailand) Co., Ltd. The sale consideration of Thai Baht 8,000,000 was marginally higher than the net book value of assets, and was arrived at after arm's length negotiations on a willing-buyer-willing-seller basis.

These had been classified as assets for disposal group held-for-sale as disclosed in Note 11.

19. 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	
	2009	2008
	SGD	SGD
Assets held-for-sale:		
Plant and equipments [i]	-	470,076
	-	470,076

[i] These plant and equipment of a subsidiary, MCE Industries (Thailand) Co., Ltd, were presented as held-for-sale following the decision of management in prior years to sell the plant and equipment. As part of the internal restructuring of the Group's business, the Group has discontinued its Thailand operations. These have been classified as assets for disposal group held-for-sale as disclosed in Note 11.

20. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Cash at bank and on hand	8,343,894	8,428,658	5,350,614	3,759,104
Fixed deposit [i]	863,364	645,646	-	-
	9,207,258	9,074,304	5,350,614	3,759,104

(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 0.10% - 0.75% (2008: 0.30% - 3.70%).

The carrying amounts of these assets approximate their fair values.

20. CASH AND CASH EQUIVALENTS (cont'd)

Cash and cash equivalents presented in the consolidated statement of cash flows:

	The Group	
	2009	2008
	SGD	SGD
As shown above	9,207,258	9,074,304
Cash and bank balances under assets for disposal group classified as held-for-sale (Note 11)	91,174	-
Bank overdrafts	(1,841,189)	(1,812,511)
Fixed deposit restricted in use	(863,364)	(645,646)
	6,593,879	6,616,147

Non-cash transactions

During the year the Group acquired property, plant and equipment with an aggregate cost of SGD7,004,983 (2008: SGD2,998,414) of which SGD1,068,242 (2008: SGD897,734) was acquired by means of finance leases and long-term borrowings. Cash payments of SGD5,936,741 (2008: SGD2,100,680) were made to purchase plant and equipment.

21. SHARE CAPITAL

	The Group and The Company	
	Number of shares	Issued share capital
		SGD
Balance at end of year 31 December 2008	150,000,000	18,171,227
Balance at end of year 31 December 2009	150,000,000	18,171,227

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

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.

22. OTHER RESERVES

Statutory reserve

Under the relevant laws in The People's Republic of China, the profits of subsidiaries 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.

23. SHARE-BASED PAYMENTS

Share option reserve

	The Group and The Company	
	2009	**2008**
	SGD	SGD
Balance at beginning of year	216,150	172,723
Share-based compensation	88,025	63,956
Forfeited options	(71,886)	(20,529)
Balance at end of year	232,289	216,150
The expense for the year allocated in the statement of comprehensive income as follows:		
Other charges	16,139	43,427

The Group adopted FRS 102 *Share-based Payments* 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.

23. SHARE-BASED PAYMENTS (cont'd)

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

Year 2009

Date of grant	Balance at 1.1.2009	Granted	Cancelled/ lapsed	Exercised during financial year	Balance at 31.12.2009	Exercise price	Exercise period
						SGD	
24.8.2004	1,450,000	-	(450,000)	-	1,000,000 (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	5,000,000	-	(1,100,000)	-	3,900,000 (i)	0.090	29.5.2008 to 28.5.2017
29.5.2007	800,000	-	-	-	800,000 (ii)	0.090	29.5.2008 to 29.5.2012
8.5.2009	-	7,140,000	(1,400,000)	-	5,740,000 (i)	0.051	8.5.2010 to 7.5.2019
8.5.2009	-	600,000	-	-	600,000 (ii)	0.051	8.5.2010 to 7.5.2014
	7,550,000	7,740,000	(3,250,000)	-	12,040,000		

Year 2008

Date of grant	Balance at 1.1.2009	Granted	Cancelled/ lapsed	Exercised during financial year	Balance at 31.12.2009	Exercise price	Exercise period
						SGD	
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)	0.090	29.5.2008 to 28.5.2017
29.5.2007	800,000	-	-	-	800,000 (ii)	0.090	29.5.2008 to 28.5.2012
	8,500,000	-	(950,000)	-	7,550,000		

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

On 7 May 2009, additional options were granted and the estimated fair value of the options granted was SGD150,019 of which SGD88,025 has been recognised during the period and charged to profit or loss as disclosed under Note 7.

23. SHARE-BASED PAYMENTS (cont'd)

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:

	2009
Weighted average share price	SGD0.055
Weighted average exercise price	SGD0.051
Expected dividend yield	0%
Risk free annual interest rates	3.625%
Expected volatility	77.63%
Expected option term of years, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations	2 years

24. LONG-TERM BORROWINGS

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Bank loans (secured)	3,586,289	6,333,967	3,586,289	6,199,137
Bank loans (unsecured)	4,402,467	-	4,402,467	-
	7,988,756	6,333,967	7,988,756	6,199,137

The bank loans are repayable as follows:

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Current				
Bank loans (secured)	1,183,357	1,831,875	1,183,357	1,697,045
Bank loans (unsecured)	1,202,948	-	1,202,948	-
Total current portion	2,386,305	1,831,875	2,386,305	1,697,045
Non-current				
Bank loan (secured)	2,402,932	4,502,092	2,402,932	4,502,092
Bank loans (unsecured)	3,199,519	-	3,199,519	-
Total non-current portion	5,602,451	4,502,092	5,602,451	4,502,092
Total long-term borrowings	7,988,756	6,333,967	7,988,756	6,199,137
The non-current portion is repayable as follows:				
Due within 2 to 5 years	5,602,451	4,254,530	5,602,451	4,254,530
After 5 years	-	247,562	-	247,562
Total non-current portion	5,602,451	4,502,092	5,602,451	4,502,092

24. LONG-TERM BORROWINGS (cont'd)

The interest rate varied from 4.15% - 6.00% (2008: 4.80% - 8.25%) per annum. These approximate the weighted average effective interest rate.

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

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

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

(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 six-year bank loan of SGD2,361,000 was repayable in 72 equal monthly installments commencing from December 2006. It was secured by fixed legal charge on the leasehold property of the Company at 15 Senoko South Road, Singapore 758076. This term loan has been fully settled during the year.

(f) A ten-year bank loan of SGD1,100,000 was repayable in 120 equal monthly installments commencing from April 2006. It was secured by fixed legal charge on the leasehold property of the Company at 15 Senoko South Road, Singapore 758076. This term loan has been fully settled during the year.

(g) A five-year bank loan of SGD1,500,000 is repayable in 60 equal monthly installments commencing from January 2010. It is secured by fixed charge over certain machineries and equipments of the subsidiary.

The carrying amounts of the long-term borrowings approximate their fair values as all the loans are interest-bearing at prevailing floating market interest rate.

25. FINANCE LEASES

The Group 2009	Minimum payments SGD	Finance charges SGD	Present value SGD
Minimum lease payments payable:			
Due within one year	1,100,495	(95,089)	1,005,406
Due within 2 to 5 years	1,147,612	(89,292)	1,058,320
Total	2,248,107	(184,381)	2,063,726
Carrying amount of plant and equipment under finance leases			4,026,802

25. FINANCE LEASES (cont'd)

The Group (cont'd) 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

The Company 2009	Minimum payments SGD	Finance charges SGD	Present value SGD
Minimum lease payments payable:			
Due within one year	1,081,561	(92,836)	988,725
Due within 2 to 5 years	1,147,612	(89,292)	1,058,320
Total	2,229,173	(182,128)	2,047,045
Carrying amount of plant and equipment under finance leases [(i)]			629,098

2008	Minimum payments SGD	Finance charges SGD	Present value SGD
Minimum lease payments payable:			
Due within one year	1,305,673	(126,951)	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

(i) Included in the finance leases are assets of carrying amount of SGD3,397,704 (2008: SGD3,577,470) held by the overseas subsidiaries under the cross-border financing arrangement.

It is the Group's policy to lease certain plant and equipment under finance leases. The average lease term is 3 to 9 years. The rate of interest for finance leases is about 4.73% to 7.50% (2008: 5.30% to 7.00%) per annum. 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 its carrying amount. The obligations under finance lease are secured by the lessor's charge over the leased assets.

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Trade payables:				
Outside parties and accrued liabilities	22,128,516	21,869,726	8,518,291	10,107,554
Subsidiaries	-	-	27,549,477	61,794,642
Other payables:				
Subsidiaries	-	-	485,155	42,551
Other payables	1,667,369	942,408	768,175	102,099
Total trade and other payables	23,795,885	22,812,134	37,321,098	72,046,846

The average credit period taken to settle trade payables is about 166 days (2008: 126 days). The other payables are with short-term durations. The notional amount is deemed to reflect the fair value.

27. SHORT-TERM BORROWINGS

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Bank loans (secured) [i]	1,498,243	-	-	-
Bank loans (unsecured)	4,528,121	11,806,298	3,900,000	7,611,358
Bank overdraft (secured) [ii]	161,917	-	-	-
Bank overdraft (unsecured)	1,679,272	1,812,511	1,588,724	1,650,513
Bills payable to banks (secured) [iii]	409,900	407,917	-	-
Bills payable to banks (unsecured)	2,195,297	4,488,561	1,785,397	4,219,277
	10,472,750	18,515,287	7,274,121	13,481,148

[i] The bank loans are secured by corporate guarantee from the Company.

[ii] The bank overdraft with credit limit amounting to SGD216,366 is secured by fixed legal charge on certain subsidiary's leasehold land, factory building and corporate guarantee from the Company.

[iii] Bills payable to banks are secured by the same securities as disclosed in (ii) above. The bills payable to banks charge rate from 5.21% to 5.50% (2008: 3.62% to 8.90%) on amounts outstanding. These approximate the weighted average 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 end of the reporting period are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Less than 6 months	9,592,164	18,515,287	7,274,121	13,481,148
Within 12 months	880,586	-	-	-
Total short-term borrowings	10,472,750	18,515,287	7,274,121	13,481,148

28. EARNINGS PER SHARE

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

	Continuing operations		Discontinued operations		Total	
	2009	2008	2009	2008	2009	2008
	SGD	SGD	SGD	SGD	SGD	SGD
The calculation of the earnings per share is based on the following:						
(Loss)/Earnings for the year attributable to the equity holders of the Company	843,061	3,609,813	(1,278,296)	(169,934)	(435,235)	3,439,879
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	150,000,000	150,000,000	150,000,000	150,000,000
Basic earnings/(loss) per share (cents per share)	0.56	2.41	(0.85)	(0.11)	(0.29)	2.29

There is no dilution for both 2009 and 2008 for the options because the exercise price is higher than the fair value of the shares.

29. DIVIDEND

A final tax exempt (one-tier) dividend of 0.1 cent per shares amounted to SGD150,000 in respect of the financial year ended 31 December 2007 was paid in year 2008.

30. CONTINGENT LIABILITIES

	The Company	
	2009	2008
	SGD	SGD
Corporate guarantee in favour of subsidiaries	7,805,772	10,192,333

The Company gives letters of financial support to certain subsidiaries in the Group. The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries with a net liability position. These bank borrowings amounted to SGD16,681 (2008: SGD978,895) at the end of the reporting period.

31. BANKING FACILITIES

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Banker's guarantee – unsecured	297,908	1,300,163	-	77,230
Banker's guarantee – secured (Note 12)	-	88,221	-	-

32. OPERATING LEASE PAYMENT COMMITMENTS

At the end of the reporting period, the total of future minimum lease payments under non-cancellable operating leases are as follows:

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Within one year	1,382,362	1,104,251	261,832	165,432
Within 2 to 5 years	2,252,965	2,123,044	630,067	643,920
After 5 years	-	1,727,223	-	1,727,223
	3,635,327	4,954,518	891,899	2,536,575
Rental expenses for the year	1,078,658	2,032,117	28,987	39,710

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

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

(c) Included in the operating lease payment commitments in financial year 2008 was lease of PTE LOT A15056 from Jurong Town Corporation for 30 years from 16 February 1995. During the financial year the Company has divested this premise to a third party.

33. CAPITAL COMMITMENTS

	The Group		The Company	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	365,430	1,919,411	-	-
Commitment to take up shares in subsidiaries	10,302,765	12,215,360	10,302,765	12,215,360

34. 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.

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 statements of financial position, except as follows:

	The Company	
	2009	2008
	SGD	SGD
Corporate guarantees provided to banks on subsidiaries' loans	7,805,772	10,192,333

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	
	2009	2009	2009	2008
	SGD	SGD	SGD	SGD
By geographical areas				
Southeast Asia	9,280,062	9,086,734	9,780,251	38,345,931
China	8,309,426	8,836,457	16,153,335	22,073,107
North America	47,084	722,364	38,896	370,420
Others	69,869	1,664,014	-	196,023
	17,706,441	20,309,569	25,972,482	60,985,481
By types of customers				
Intercompany	-	-	16,994,651	50,545,235
Third parties	17,706,441	20,309,569	8,977,831	10,440,246
	17,706,441	20,309,569	25,972,482	60,985,481

34. FINANCIAL RISK MANAGEMENT (cont'd)

Risk Management Policies for Financial Instruments (cont'd)

Credit risk (cont'd)

(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	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Past due 3 to 6 months	2,935,579	3,686,393	14,668,387	8,039,341
Past due over 6 months	1,193,640	1,734,583	-	46,010,075
	4,129,219	5,420,976	14,668,387	54,049,416

The carrying amount of trade receivables individually determined to be impaired and the movements in the related allowance for impairment are disclosed in Note 18.

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.

34. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

The Group	On demand or within 1 year	2 to 5 years	After 5 years	Total
	SGD	SGD	SGD	SGD
2009				
Non-interest bearing payables	23,795,885	-	-	23,795,885
Bank overdraft	1,927,578	-	-	1,927,578
Bank term loan	11,373,723	5,883,470	-	17,257,193
Finance lease liabilities	1,100,495	1,147,612	-	2,248,107
	38,197,681	7,031,082	-	45,228,763

The Group	On demand or within 1 year	2 to 5 years	After 5 years	Total
	SGD	SGD	SGD	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

The Company	On demand or within 1 year	2 to 5 years	After 5 years	Total
	SGD	SGD	SGD	SGD
2009				
Non-interest bearing payables	37,321,098	-	-	37,321,098
Bank overdraft	1,642,868	-	-	1,642,868
Bank term loan	8,316,933	5,883,470	-	14,200,403
Finance lease liabilities	1,081,561	1,147,612	-	2,229,173
	48,362,460	7,031,082	-	55,393,542

The Company	On demand or within 1 year	2 to 5 years	After 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

34. FINANCIAL RISK MANAGEMENT (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates that will affect the Group's income or the value of its 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:

	Within 1 year	2 to 5 years	After 5 years	Total
	SGD	SGD	SGD	SGD
The Group				
2009				
Financial assets/liabilities				
Fixed rate				
Fixed deposits	863,364	-	-	863,364
Finance lease liabilities	1,005,406	1,058,320	-	2,063,726
Floating rate				
Bank overdraft	1,841,189	-	-	1,841,189
Bank term loans	11,017,866	5,602,451	-	16,620,317
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

34. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk (cont'd)

	Within 1 year	2 to 5 years	After 5 years	Total
	SGD	SGD	SGD	SGD
The Company				
2009				
Financial assets/liabilities				
Fixed rate				
Finance lease liabilities	988,725	1,058,320	-	2,047,045
Floating rate				
Bank overdraft	1,588,724	-	-	1,588,724
Bank term loans	8,071,702	5,602,451	-	13,674,153
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

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.

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.

34. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk (cont'd)

	Profit before tax	
	100 bp increase	100 bp decrease
	SGD	SGD
The Group		
31 December 2009		
Floating rate instruments	(184,616)	184,616
31 December 2008		
Floating rate instruments	(248,493)	248,493
The Company		
31 December 2009		
Floating rate instruments	(152,629)	152,629
31 December 2008		
Floating rate instruments	(196,802)	196,802

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 end of the reporting period, 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	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
The Group				
US Dollars	15,323,025	24,367,386	21,073,652	19,670,765
Chinese Renminbi	8,772,587	4,529,590	5,772,948	3,801,019
Malaysian Ringgit	3,605,143	3,335,837	835,013	990,234
Thai Baht	177,428	218,971	-	1,084,757
The Company				
US Dollars	37,948,195	70,244,192	34,197,720	58,884,223
Chinese Renminbi	2,609	-	3,519,000	3,621,000
Malaysian Ringgit	37,559	72,456	199,146	2,732,330
Thai Baht	16,886	16,706	199,527	197,400

34. FINANCIAL RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

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 1% (2008: 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 1% (2008: 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 1% (2008: 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	
	2009	2008	2009	2008	2009	2008	2009	2008
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
The Group								
Profit before tax	(57,506)	234,831	29,996	36,429	27,701	117,280	1,774	(43,289)
The Company								
Profit before tax	37,505	567,998	(35,164)	(181,050)	(1,616)	(132,994)	(1,826)	(9,035)

If the relevant foreign currency strengthens by 1% (2008: 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	
	2009	2008	2009	2008	2009	2008	2009	2008
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
The Group								
Profit before tax	57,506	(234,831)	(29,996)	(36,429)	(27,701)	(117,280)	(1,774)	43,289
The Company								
Profit before tax	(37,505)	(567,998)	35,164	181,050	1,616	132,994	1,826	9,035

34. FINANCIAL RISK MANAGEMENT (cont'd)

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.

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 statements of financial position date is assumed to approximate their fair value. The carrying amounts of the term 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 statements of financial position 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.

34. FINANCIAL RISK MANAGEMENT (cont'd)

Intra-group financial guarantees (cont'd)

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. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting SGD7,805,772 (2008: SGD10,192,333).

35. 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 commensurate with the level of risk.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in 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	
	2009	2008	2009	2008
	SGD	SGD	SGD	SGD
Net debt	36,223,225	41,640,145	49,280,406	90,262,609
Total equity	28,023,700	29,286,036	21,814,276	21,215,539
Total capital	64,246,925	70,926,181	71,094,682	111,478,148
Gearing ratio	0.56	0.59	0.69	0.81

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2009 and 2008. There were no changes in the Group's approach to capital management during the financial year.

36. FINANCIAL INFORMATION BY SEGMENTS

Segment assets 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.

The management has changed the structure of its internal organisation in a manner that cause the composition of its reportable segments to change. Following the divestment of Automative tooling business in January 2009, the Group operates in a single segment, being that of stamping and assembly.

Segment information about these business is presented below:

Geographical segments

	Stamping and assembly					Tooling, prototyping and batch production		
	Southeast Asia	China	North America	Others*	Eliminations	Southeast Asia	China	Total
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
2009								
External sales	40,051,792	24,355,322	213,918	1,118,266	-	-	-	65,739,298
Inter-segment sales	19,203,079	9,064,683	-	-	(28,267,762)	-	-	-
	59,254,871	33,420,005	213,918	1,118,266	(28,267,762)	-	-	65,739,298
Other information:								
Segment assets	35,395,530	30,433,353				-	-	65,828,883
Capital expenditure	2,629,077	4,660,495				-	-	7,289,572
Depreciation	2,063,709	1,700,670				-	-	3,764,379

36. FINANCIAL INFORMATION BY SEGMENTS (cont'd)

Geographical segments (cont'd)

	Stamping and assembly					Tooling, prototyping and batch production		
	Southeast Asia	China	North America	Others*	Eliminations	Southeast Asia	China	Total
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
2008								
External sales **	50,455,470	22,820,813	2,504,703	5,979,271	-	5,476,102	459,976	87,696,335
Inter-segment sales	27,280,724	8,066,410	-	-	(35,347,134)	-	-	-
	77,736,194	30,887,223	2,504,703	5,979,271	(35,347,134)	5,476,102	459,976	87,696,335
Other information:								
Segment assets	37,947,357	37,934,486				3,338,516	691,582	79,911,941
Capital expenditure	1,048,981	1,944,906				3,845	682	2,998,414
Depreciation	2,127,581	1,764,926				261,410	79,582	4,233,499

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

** Includes discontinued operations.

37. SUBSEQUENT EVENT

On 22 January 2010, an Extraordinary General Meeting was held and the ordinary resolution relating to the proposed disposal of 80.3% of its subsidiary, MCE Industries (Thailand) Co., Ltd, was duly passed. The transaction has been completed on 25 January 2010.

38. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Group has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date but are not yet effective:

- Amendments to FRS 32 Financial Instruments: Presentation – Classification of Rights Issues
- Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- Amendments to FRS 102 Share-based Payments: Group cash-settled share-based payment transactions
- FRS 103 (revised) Business Combinations and FRS 27 (revised) Separate and Consolidated Financial Statements
- Improvements to FRSs 2009
- INT FRS 117 Distributions of Non-cash Assets to Owners

FRS 103 (revised 2009) and FRS 27 (amended) will become effective for the Group's financial statements for the year ending 31 December 2010. FRS 103 (revised 2009) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. The amendments will mainly impact the accounting for transaction costs, step acquisitions, goodwill and non-controlling interests (NCI) (previously minority interests). The revised FRS 103 will be applied prospectively and therefore there will be no impact on prior periods of the Group's financial statements for the year ending 31 December 2010.

The amended FRS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments will be applied prospectively to transactions with NCI and therefore there will be no impact on prior periods of the Group's financial statements for the year ending 31 December 2010.

Improvements to FRSs 2009 will become effective for the Group's financial statements for the year ending 31 December 2010 for amendments relating to:

- FRS 102 Share-based payments
- FRS 38 Intangible assets
- INT FRS 109 Reassessment of embedded derivatives
- INT FRS 116 Hedges of a net investment in a foreign operation

Supplementary Financial Information

Disclosures required by the Catalist Rules

Properties

Location / Description	Tenure	Land Area
PLO 118 Jalan Firma 1 Kawasan Perindustrian Tebrau 1 81100 Johor Bahru, Malaysia Detached factory building	30-year lease from 26 April 1994	4,393 sqm
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	6,174 sqm
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	25,000 sqm

Shareholdings Statistics

as at 15 March 2010

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 15 March 2010, 67.54% 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	5.78	2,422	0.00
1,000 - 10,000	454	43.74	2,017,183	1.35
10,001 - 1,000,000	499	48.07	48,496,995	32.33
1,000,001 and above	25	2.41	99,483,400	66.32
	1,038	100.00	150,000,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Mayban Nominees (S) Pte Ltd	11,643,000	7.76
2	Tan Soo Yong	9,177,666	6.12
3	OCBC Securities Private Ltd	8,021,333	5.35
4	Chua Han Min	7,302,000	4.87
5	Heng Hock Liang	6,737,000	4.49
6	Hong Leong Finance Nominees Pte Ltd	5,993,000	4.00
7	Lee Jeff Kingsley	5,571,000	3.71
8	Phillip Securities Pte Ltd	4,997,000	3.33
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	Chua Seng Cheong	3,319,000	2.21
13	Wang Hsuan Yun	2,950,000	1.97
14	Tan Lee Siang	2,750,000	1.83
15	Lim Tchen Nan	2,704,000	1.80
16	Wong Chin Eng	2,677,705	1.79
17	Chua Kheng Choon	2,624,666	1.75
18	Ng Tiam Moy	2,000,000	1.33
19	Tan Eng Chua	1,974,000	1.32
20	Lim Liang Chu	1,800,000	1.20
		92,716,370	61.81

Shareholdings Statistics

as at 15 March 2010

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	3,680,000	2.45
Tan Soo Yong [4]	9,177,666	6.12	718,000	0.48

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 3,680,000 shares is derived from shares held in the name of his spouse.

(4) Mr Tan Soo Yong's deemed interest in 718,000 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 10 Ang Mo Kio Street 65, Techpoint #04-02, Singapore 569059 on Friday, 23 April 2010 at 3 p.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 2009 together with the Auditors' Report thereon. **(Resolution 1)**

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

3. To re-elect Director Mr Chua Kheng Choon retiring pursuant to Article 92 of the Company's Articles of Association. **(Resolution 3)**

4. To re-elect Director Mr Cheah Chow Seng retiring pursuant to Article 97 of the Company's Articles of Association. **(Resolution 4)**

5. To approve the payment of Directors' fees of S$81,000 for the year ended 31 December 2009. **(Resolution 5)**

6. To approve the payment of Directors' fees of S$95,000 for the year ending 31 December 2010 to be paid quarterly in arrears at the end of each calendar quarter. **(Resolution 6)**

7. 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 7)**

8. 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:

9. Authority to allot and issue shares.

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of Section B of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"): Rules of Catalist, (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Ordinary Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Ordinary Resolution) and Instruments to be issued pursuant to this Ordinary Resolution shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued (including shares to be issued pursuant to the Instruments) other than on a *pro-rata* basis to existing shareholders of the Company shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares (including shares to be issued pursuant to the Instruments) that may be issued under subparagraph (1) above, the percentage of shares that may be issued shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Ordinary Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Ordinary Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) 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 8)**

10. Authority to issue shares other than on a *pro-rata* basis pursuant to the share issue mandate at a discount exceeding 10% but not more than 20% of the weighted average price for trades done on SGX-ST.

That, subject to and conditional upon the passing of Ordinary Resolution 8, the Directors of the Company be hereby authorised and empowered to issue shares other than on a *pro-rata* basis at a discount exceeding 10% but not more than 20% to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that:-

Notice of Annual General Meeting

(Company Registration No.: 198804700N)

(A) in exercising the authority conferred by this Ordinary Resolution, the Company complies with the provisions of the Catalist Rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

(B) unless revoked or varied by the Company in general meeting, such authority shall continue in force until (i) the conclusion of the next Annual General Meeting of the Company or (ii) 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 (ii)] **(Resolution 9)**

11. 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 (iii)] **(Resolution 10)**

By Order of the Board

Seah Jim Hong, Gerard
Tan Kwang Hwee, William
Secretaries

Singapore, 8 April 2010

Notice of Annual General Meeting

(Company Registration No.: 198804700N)

Explanatory Notes:

(i) Ordinary Resolution 8 proposed in item 9 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 the date such authority is revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the issued shares in the capital of the Company, of which up to 50% may be issued other than on a *pro-rata* basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of shares that may be issued (including shares that are to be issued pursuant to the Instruments) will be calculated based on the issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of passing of this Ordinary Resolution and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) Ordinary Resolution 9 proposed in item 10 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 other than on a *pro-rata* basis pursuant to the authority granted under Ordinary Resolution 8 (if passed), at a discount exceeding 10% but not more than 20% of the weighted average price for trades done on SGX-ST.

(iii) Ordinary Resolution 10 proposed in item 11 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 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 10 Ang Mo Kio Street 65, Techpoint #04-02, Singapore 569059 not less than 48 hours before the time appointed for holding the Meeting.

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)
(Company Registration No. 198804700N)

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 23 April 2010 at 3 p.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 2009.		
2.	Re-election of Mr Wong Chee Wai as a Director.		
3.	Re-election of Mr Chua Kheng Choon as a Director.		
4.	Re-election of Mr Cheah Chow Seng as a Director.		
5.	Approval of Directors' fees of S$81,000 for the year ended 31 December 2009.		
6.	Approval of Directors' fees of S$95,000 for the year ending 31 December 2010 to be paid quarterly in arrears at the end of each calendar quarter.		
7.	Re-appointment of Paul Wan & Co., a member firm of Morison International, as Auditors.		
8.	Authority to allot and issue new shares.		
9.	Authority to allot and issue shares other than on a *pro-rata* basis and at a discount.		
10.	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 _____ 2010

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 10 Ang Mo Kio Street 65, Techpoint #04-02, Singapore 569059 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 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.