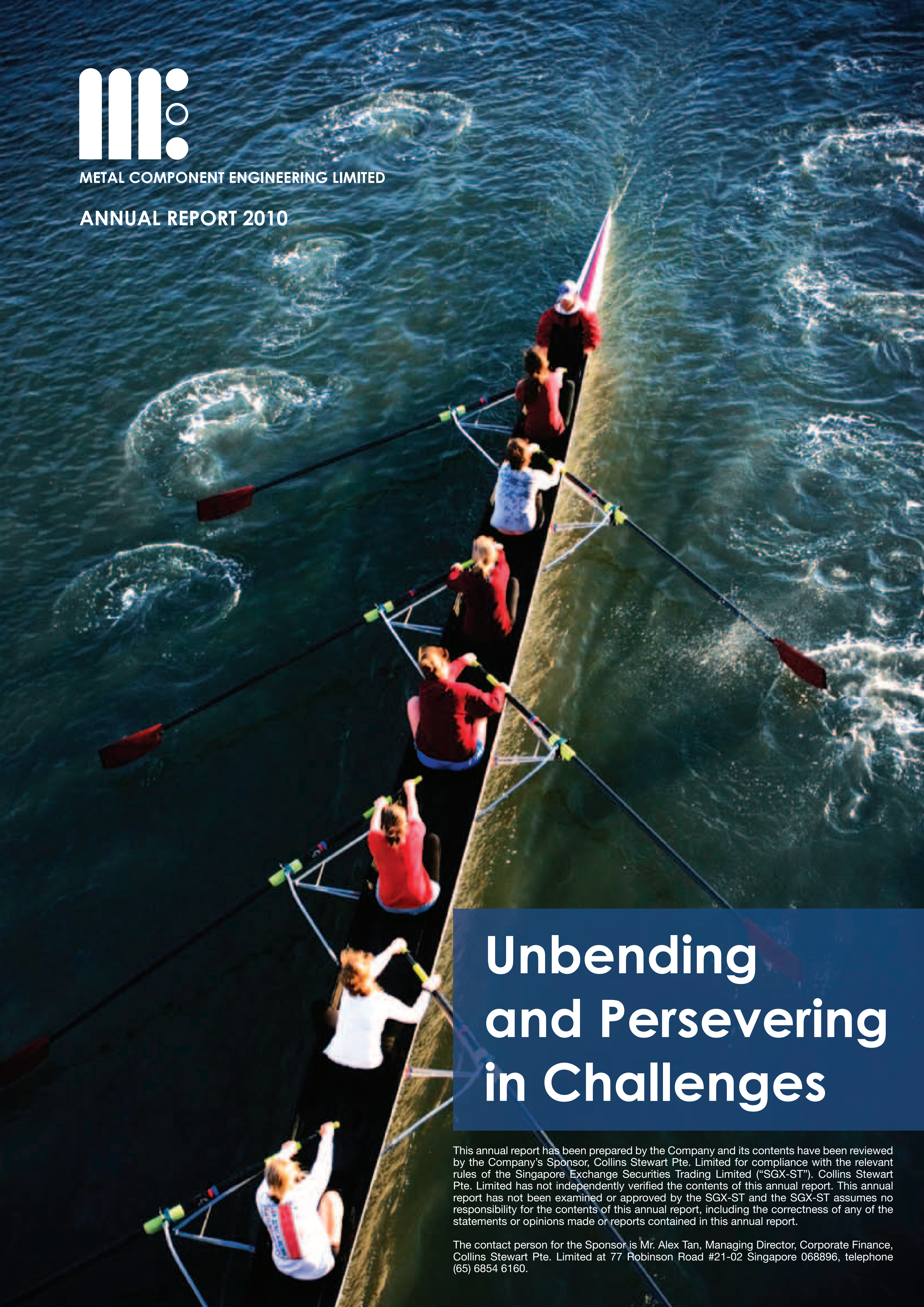


METAL COMPONENT ENGINEERING LIMITED

ANNUAL REPORT 2010

Unbending and Persevering in Challenges

This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Collins Stewart Pte. Limited has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr. Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

Our Vision

To be a World-Class Mechanical Manufacturing Solutions Provider

Corporate Structure

- **METAL COMPONENT ENGINEERING LIMITED**
  - **MCE Industries (Shanghai) Co., Ltd.**
  - **Metal Component Engineering (Shanghai) Co., Ltd.**
  - **Metal Component Technologies (Wuxi) Co., Ltd.**
  - **Metal Computer Component (Suzhou) Limited**
  - **MCE Technologies Sdn. Bhd.**
  - **MCE Manufacturing Sdn. Bhd.**
  - **Metal Precision Services Pte. Ltd.**

Contents

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
- Design for manufacturability
- 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

2010 was a challenging year for MCE. While revenue achieved a double-digit recovery from S$65.7 million a year ago to S$76.4 million, higher staff costs and manufacturing overheads outpaced revenue growth, resulting in a full year loss of S$1.2 million. The sharp increase in expenses was mainly due to higher than expected program start-up losses in our Malaysia operations.

On the strategic front, during the year, we have successfully placed 30 million new ordinary shares to Cal-Comp Electronics (Thailand) Public Company Limited. Being one of the market leaders in Electronic Manufacturing Services ("EMS"), the placement is part of the Group's long term strategy to secure a strategic partner to facilitate the continued growth in each of our 3 core business segments.

Financial Review

The Group recorded revenue of S$76.4 million for the financial year ended 31 December 2010 ("FY2010"). This represented a 16.2% increase from the corresponding period last year ("FY2009"), where revenue stood at S$65.7 million.

The increase was mainly attributable to strong recovery in the Group's China operations. This was partially offset by lower revenue from its Malaysia operations due to a substantial decrease in revenue attributable to the printer business from one of its major customers. To mitigate the decrease, the Group commenced a new Mechanical Integration business in its Malaysia plant.

Percentage of cost of direct materials to revenue registered an improvement at 52.7% for the current year, down from 56.1% in FY2009. This was partially offset by an increase in other expenses to 19.7% of revenue (FY2009: 18.1%), mainly arising from higher manufacturing overheads of new programs. Together, as a percentage of revenue, direct material costs and other expenses stood at 72.4%, lower than 74.2% in FY2009.

Employee benefit expenses, which increased by 32.4% year-on-year, amounted to S$16.3 million or 21.4% of revenue (FY2009: 18.8%). This was mainly attributed to higher start-up direct labour costs relating to its new Mechanical Integration program in Malaysia, as well as strategic recruitments to strengthen the Group's management depth and technical capabilities.

Depreciation expenses increased by 6.3% to S$4.0 million, due to increased capital expenditure to support business growth, particularly in the Group's Hard Disk Drive Components and Mechanical Integration businesses.

Finance costs decreased by 27.1% to S$853,000 in FY2010 due to lower levels of bank borrowings maintained during the year.

Income tax expense for the year amounted to S$626,000, up from S$126,000 in FY2009. The increase was mainly due to the expiry of tax incentives in the Group's China operations, as well as withholding tax incurred arising from dividends declared from subsidiaries.

Loss attributable to the equity holders of the Company for the year stood at S$1.2 million, up from S$435,000 in the corresponding period.

Strategic Placement and Use of Proceeds

Following the successful placement of 30 million new ordinary shares to a strategic investor Cal-Comp Electronics (Thailand) Public Company Limited on 17 September 2010, the net proceeds of S$1.9 million have been fully utilized for working capital purposes. The placement is part of the Group's long term strategy to secure a strategic partner to facilitate the continued growth in its 3 core areas: (1) Precision Components, (2) Hard Disk Drive Components and (3) Mechanical Integration businesses.

Operations Review

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

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

The Qingpu plant is principally engaged in the Mechanical Integration business, while the plant in Shanghai Waigaoqiao carries out the Precision Components business, focusing on the Automotive segment to take advantage of its free-trade status. The plants in Wuxi and Suzhou offer precision stamping, tumbling and electro-less nickel plating services, and mainly serves the Hard Disk Drive Components and Precision Components business, with the latter's focus being on the Printer / Computer Peripheral segments.

With a continued focus on operational excellence and improving capacity utilization, MCE China experienced a strong 36.0% growth in revenue, and contributed positively to the Group in FY2010. China will continue to be an integral part of the Group's manufacturing footprint, as customers continue to regard China as a competitive manufacturing centre of choice.

Malaysia: The Group has four facilities in Johor Bahru, Malaysia, and is engaged in the Mechanical Integration and Precision Components businesses.

FY2010 was a difficult year for MCE Malaysia, where revenue experienced a 25.8% year-on-year decline. The decrease was attributable to significantly lower revenue from its Precision Components business, particularly in the Printer segment, which arose from the strategic shift in procurement strategy by a major customer. The decline was partially offset by the commencement of a new Mechanical Integration program.

MCE Malaysia recorded a loss for FY2010, due mainly to higher than expected start-up staff costs and manufacturing overheads relating to its new Mechanical Integration program, as well as lower capacity utilization in its Precision Components business.

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

Forward Strategy

The Group has been actively developing its Hard Disk Drive Components and Mechanical Integration businesses as new platforms for growth. As a result, overall Group revenue has registered a double-digit year-on-year recovery. This was achieved notwithstanding significantly lower printer-related sales experienced for its Precision Components business during the year.

With this in mind, strategic infrastructural investments have been identified as critical in strengthening the Group's long term competitive position in these businesses. These include capital expenditure to increase the Group's manufacturing capacity, acquiring the latest relevant technology know-how as well as human resources to strengthen the Group's technical competencies and operational excellence.

Following the successful placement of 30 million new ordinary shares to a strategic investor Cal-Comp Electronics (Thailand) Public Company, the Group will continue our efforts to strengthen our financial position through more effective deployment of our working capital and fixed assets.

Moving forward, the Group 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 particular, the Group will continue to focus on cost management, improving capacity utilization and explore opportunities for consolidation to improve profitability.

Appreciation

In conclusion, on behalf of the Board, I like to express my sincere thanks to all our shareholders, dedicated staff, customers and business partners for your continued support.

Thank you.

Chua Kheng Choon
Chairman and Chief Executive Officer

Board of Directors

Chua Kheng Choon

Chairman and CEO

Chua Kheng Choon, our Chairman and CEO, 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 and 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 and Executive Director

Tan Soo Yong is our Business Development Director and Executive Director. He oversees the marketing function of our plants and is also responsible for identifying 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, as well as 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. He last held the post of Managing Director with STATSChipPAC 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.

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. 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.

Chiu Hung Mo is the General Manager for our Wuxi and Suzhou plants. He is responsible for the overall management of the two plants, that are involved in the Hard Disk Drive Components and Precision Components businesses, with the latter's focus being on the Printer / Computer Peripheral segments. In his previous employment with China Fineblanking Technology Co Ltd, Mr Chiu held the position of General Manager. He holds an Engineering Diploma from National Kaohsiung Institute of Technology (now known as National Kaohsiung University of Applied Sciences).

Tan Yew Seng Victor is the General Manager for our Shanghai Qingpu plant. He is also our China Business Development Director, where he is responsible for the business development function for the China market. Prior to joining MCE, Mr Tan was with Amtek Engineering Ltd, where he held the positions of Production Manager and Program Manager, with experience in leading both the manual and progressive stamping sections. He holds a Diploma in Manufacturing Engineering and an Advanced Diploma in Industrial Engineering and Management from Singapore Polytechnic. Mr Tan also holds a Bachelor of Business, majoring in Business Administration from RMIT University, Australia.

Chye Choong Heng James is the General Manager for our Malaysia operations. He is responsible for the overall management of our 4 Johor Bahru facilities, that are involved in the Mechanical Integration and Precision Components businesses. Prior to joining MCE, Mr Chye was with Tian Long Group of Companies, where he held the position of General Manager, and was responsible for the running of two of its plants. He holds a Bachelor of Science in Management from Distance Learning Institute from Jakarta, Indonesia, as well as a Qualification Certificate in Project Management from Tsinghua University, Beijing.

Gan King Peng Kenneth is the Deputy General Manager for our Shanghai Qingpu plant, which is principally engaged in the Mechanical Integration business. His experience spanned various functions, which include Production, Engineering and Program Management. Prior to joining MCE, Mr Gan was with Amtek Shanghai, where he held the position of Program Sales Manager, whose responsibility included new project costing, NPI and order fulfillment. He holds a Master of Management in International Business from the University of Melbourne and a Graduation Certificate in Management from University of Adelaide. Mr Gan also holds a Bachelor of Technology from Monash University (Golden Key Award), as well as an Advanced Diploma in Business and Industrial Management from Bradford University.

Tan Yiang Chye Steven is the Operations Manager for our Shanghai Waigaoqiao plant, which is in the Precision Components business, specializing in the Automotive segment. He is responsible for overall sales, administration and day-to-day operations of the plant. Prior to joining MCE, Mr Tan was with Sanwa Intec Precision Engineering Co Ltd, where he held the position of Operations Manager. He holds an Engineering Diploma from Singapore Polytechnic.

Corporate Information

Board of Directors

Chua Kheng Choon
Chairman and CEO

Chua Han Min
Deputy CEO and Executive Director

Tan Soo Yong
Executive Director

Lim Chin Tong
Non-Executive and 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

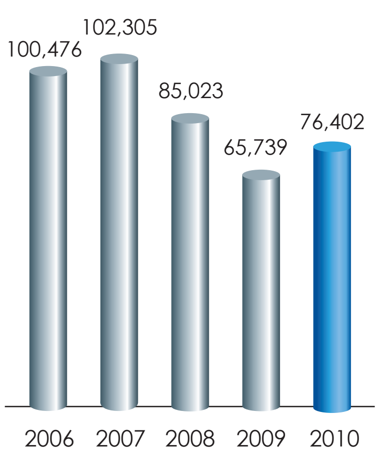
Auditor

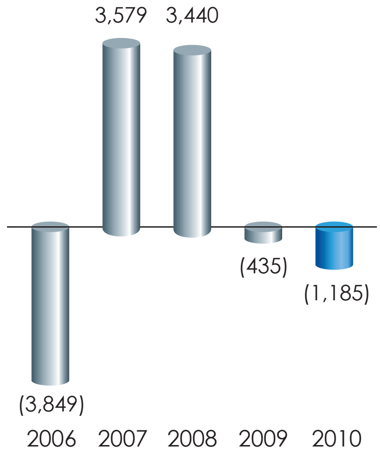
Paul Wan & Co
Public Accountants and Certified Public Accountants
A member firm of Morison International
10 Anson Road #35-07/08
International Plaza
Singapore 079903
Partner-in-charge: Wan Tong Chee Paul
Date of appointment: 7 October 2006
(effective from financial year ended 31 December 2006)

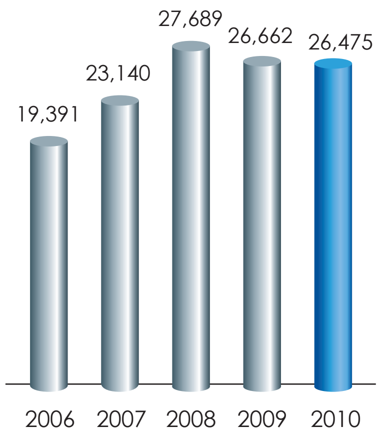
Registered Office and Business Address

10 Ang Mo Kio St 65
#04-02 Techpoint
Singapore 569059
Tel: (65) 6759 5575
Fax: (65) 6759 5565
www.mce.com.sg
Registration No.: 198804700N

Five-Year Financial Highlights







(Data for the chart above) S$'000	2006	2007	2008	2009	2010
Group Financial Performance					
Turnover	100,476	102,305	85,023	65,739	76,402
Profit/(Loss) before Income Tax	(4,597)	3,593	3,558	718	(559)
Net Profit/(Loss) to Shareholders	(3,849)	3,579	3,440	(435)	(1,185)
Earnings Per Share	(2.99)	2.39	2.29	(0.29)	(0.75)
Group Financial Position					
Property Plant and Equipment	35,180	35,434	33,573	26,033	23,519
Current Assets	45,955	46,967	45,720	46,970	40,061
Current Liabilities	49,285	48,531	44,442	37,985	33,393
Non-current Liabilties	10,756	9,185	6,184	7,082	4,766
Shareholders' Equity	19,391	23,140	27,689	26,662	26,475

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 2010, 2 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	2
Chua Han Min	2
Tan Soo Yong	2
Lim Chin Tong	2
Wong Chee Wai	2
Cheah Chow Seng	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	23.4.2010	Metal Component Engineering Limited
Chua Han Min	Executive / Non-independent	29.4.2003	27.4.2009	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 Grandbridge Ltd

Corporate Governance

Director	Appointment	Date of initial appointment	Date of last re-election	Directorship in listed companies
Wong Chee Wai	Non-executive / Independent	4.11.2003	23.4.2010	Metal Component Engineering Limited
Cheah Chow Seng	Non-executive / Independent	8.7.2009	23.4.2010	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 conducts periodic assessments of the effectiveness of the Board as whole and of the contribution of each Director to the effectiveness of the Board. As part of this assessment process, the Directors are requested to complete a Board Evaluation Questionaire. The responses from the Directors are collated, reviewed and discussed by the Nominating Committee, and the findings are reported to 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 2010, the Nominating Committee met twice 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 management, and performance.

The remuneration bands of the Directors and Key Management of the Group, (who are not Directors of the Company) for the financial year ended 31 December 2010 are as follows:

Remuneration Bands	Fees	Salary	Bonus	Other Benefits	Total
	%	%	%	%	%
$250,000 to <$500,000					
Directors					
Chua Kheng Choon	-	82	14	4	100
Chua Han Min	-	83	14	3	100
Tan Soo Yong	-	81	14	5	100
Below $250,000					
Directors					
Lim Chin Tong	# 100	-	-	-	100
Wong Chee Wai	# 100	-	-	-	100
Cheah Chow Seng	# 29	-	-	## 71	100
Key Management					
Goh Hin Tiang (resigned on 15.10.2010)	-	100	-	-	100
Chiu Hung Mo	-	89	11	-	100
Tan Yew Seng Victor	-	95	5	-	100
Gan King Peng Kenneth (appointed on 2.11.2009)	-	95	5	-	100
Tan Kwang Hwee William	-	92	8	-	100
Tan Yiang Chye Steven (appointed on 22.4.2010)	-	96	4	-	100
Chye Choong Heng James (appointed on 1.11.2010)	-	100	-	-	100
Soh Boon Seng (resigned on 23.7.2010)	-	100	-	-	100

The Directors' Fees totaling $95,000 for Independent Directors have been paid out during the year as this had been approved in last Annual General Meeting held on 23 April 2010.

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.

The Internal Auditor is tasked to perform independent reviews of risks and controls to provide reasonable assurance to the Audit Committee and the Board that such risks have been adequately addressed and controls are operating effectively. In addition, the Audit Committee has, with the assistance of the internal and external auditors, reviewed the effectiveness of the Group's internal controls including financial, operational and compliance controls.

The Board is satisfied with the adequacy of the internal controls of the Group including financial, operational and compliance controls, and risk management systems.

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

Corporate Governance

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 three meetings in financial year 2010 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.

Corporate Governance

MATERIAL CONTRACTS

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

INTERESTED PERSON TRANSACTIONS

Disclosure according to Rule 907 of the Catalist Rules in respect of interested person transactions for the financial year ended 31st December 2010 is stated in the following table:-

Name of Interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (SGD)	Aggregate value of all interested person transactions under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) (SGD)
Cal-Comp Electronics (Thailand) Public Company Limited	-	-

For the financial year ended 31 December 2010, 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 the purposes of aggregation of interested person transactions under Rule 907 of the Catalist Rules.

NON-SPONSOR FEES

The nature of non-sponsor services that were rendered by the Company's Sponsor, Collins Stewart Pte. Limited, to the Group and their related fees for the financial year ended 31 December 2010 are as follows:

		S$
(a)	acting as Independent Financial Adviser in respect of the Shareholders' Mandate for Interested Person Transactions which was approved by shareholders at the Extraordinary General Meeting held on 16 September 2010.	25,000
(b)	reviewing all documents submitted to the SGX-ST in relation to the proposed issue of new shares to Cal-Comp Electronics (Thailand) Public Company Limited which was approved by shareholders at the Extraordinary General Meeting held on 16 September 2010.	25,000

DEALING IN SECURITIES

The Company has issued an internal code on dealings in the Company's securities to the Directors and Key Management (including employees with access to price-sensitive information to the Company's shares) of the Group. The Directors and Key Management 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 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 2010.

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

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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 of this report.

3. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares, share options and debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of directors		Holdings in which directors are deemed to have an interest	
	At 1.1.2010 or date of appointment, if later	At 31.12.2010	At 1.1.2010 or date of appointment, if later	At 31.12.2010
<u>Company</u>				
(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	3,680,000	3,680,000
Tan Soo Yong	9,177,666	9,177,666	718,000	718,000
Lim Chin Tong	5,154,000	5,554,000	-	-
Cheah Chow Seng	542,000	692,000	-	-

In addition to the above, certain directors have interests in the options of the Company as mentioned in paragraph 5 of this report. There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2011.

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 for directors' remuneration as disclosed in the financial statements.

5. OPTIONS TO TAKE UP UNISSUED SHARES

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

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

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

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

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

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

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

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

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

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

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

Directors' Report

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

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 2010

Date of grant	Balance at 1.1.2010	Granted	Cancelled/ lapsed	Balance at 31.12.2010		Exercise price	Exercise period
						SGD	
24.8.2004	1,000,000	-	-	1,000,000	(i)	0.216	24.8.2005 to 23.8.2014
29.5.2007	3,900,000	-	-	3,900,000	(i)	0.090	29.5.2008 to 28.5.2017
29.5.2007	800,000	-	(250,000)	550,000	(ii)	0.090	29.5.2008 to 28.5.2012
8.5.2009	5,740,000	-	-	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
	12,040,000	-	(250,000)	11,790,000			

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			

(i) for Executive Directors and employees;
(ii) for Non-Executive Directors.

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

The following table summarises information about directors' and key executives' share options outstanding at 31 December 2010:

Name of participants	Options granted during the financial year	Aggregate options granted since commencement of scheme to 31.12.2010	Aggregate options exercised since commencement	Aggregate options lapsed since commencement of scheme to 31.12.2010	Aggregate options outstanding as at 31.12.2010
Directors of the Company					
Executive Directors:					
Chua Kheng Choon	-	2,970,000	-	-	2,970,000
Chua Han Min	-	2,970,000	-	-	2,970,000
Tan Soo Yong	-	1,800,000	-	-	1,800,000
Non-Executive Independent Directors:					
Lim Chin Tong	-	700,000	-	(100,000)	600,000
Wong Chee Wai	-	650,000	-	(100,000)	550,000
Sub-total	-	9,090,000	-	(200,000)	8,890,000
Other participants who received 5% or more of the total available options other than Directors					
Chiu Hung Mo [(1), (4)]	-	900,000	-	-	900,000
Tan Yew Seng Victor [(2), (4)]	-	900,000	-	-	900,000
Tan Wee Suan Mavis [(3), (4)]	-	750,000	-	-	750,000
Sub-total	-	2,550,000	-	-	2,550,000
Total	-	11,640,000	-	(200,000)	11,440,000

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) 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).

Directors' Report

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 of this report.

8. AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were 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 carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditors;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2010 before their submission to the Board of Directors, as well as the independent auditor's report on the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group.

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 that the independent auditor, Paul Wan & Co, a member firm of Morison International, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Directors' Report

9. INDEPENDENT AUDITOR

The independent auditor, Paul Wan & Co, a member firm of Morison International, has expressed its 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 22 February 2011, which would materially affect the Group's and the Company's operating and financial performances as of the date of this report.

On behalf of the directors

Chua Kheng Choon
Director

Chua Han Min
Director

18 March 2011

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 27 to 86 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 2010 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

18 March 2011

Independent Auditor's Report

to the Members of Metal Component Engineering Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Metal Component Engineering Limited (the "Company") and its subsidiaries (the "Group") set out on pages 27 to 86, which comprise the statements of financial position of the Group and the Company as at 31 December 2010, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for 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 balance sheets and to maintain accountability of assets.

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 about 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 controls relevant to the entity's preparation of financial statements that give a true and fair view 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 controls. 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, 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 2010 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, 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 auditor 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

SINGAPORE
18 March 2011

Consolidated Statement of Comprehensive Income

For The Financial Year Ended 31 December 2010

	Note	The Group 2010	The Group 2009
		SGD	SGD
Continuing operations			
Revenue	4	76,401,505	65,739,298
Other income	5	251,647	328,251
Raw materials and consumables used		(40,331,916)	(31,595,188)
Changes in inventories of finished goods and work-in-progress		34,736	(5,288,098)
Employee benefits expense	6	(16,324,677)	(12,330,461)
Depreciation expense		(3,999,855)	(3,764,379)
Other (charges)/credits	7	(656,764)	684,019
Financial expense	8	(852,529)	(1,169,966)
Other expenses		(15,080,949)	(11,885,845)
(Loss)/profit before tax	9	(558,802)	717,631
Income tax expense	10	(626,443)	(126,394)
(Loss)/profit from continuing operations		(1,185,245)	591,237
Discontinued operations			
Loss after tax from discontinued operations	11	-	(1,278,296)
Total loss		(1,185,245)	(687,059)
Other comprehensive loss, net of tax			
Currency translation differences arising from consolidation		(984,121)	(591,416)
Total comprehensive loss for the year		(2,169,366)	(1,278,475)
Loss attributable to:			
Equity holders of the Company		(1,185,245)	(435,235)
Non-controlling interests		-	(251,824)
		(1,185,245)	(687,059)
Total comprehensive loss attributable to:			
Equity holders of the Company		(2,169,366)	(1,043,281)
Non-controlling interests		-	(235,194)
		(2,169,366)	(1,278,475)
(Loss)/earnings per share for profit from continuing operations attributable to equity holders of the Company (cents per share)			
- Basic	28	(0.75)	0.56
- Diluted	28	(0.74)	0.56
Loss per share for profit from discontinued operations attributable to equity holders of the Company (cents per share)			
- Basic	28	-	(0.85)
- Diluted	28	-	(0.85)

The notes set out on pages 34 to 86 form an integral part of these financial statements.

Statements of Financial Position

As At 31 December 2010

	Note	The Group 2010	The Group 2009	The Company 2010	The Company 2009
		SGD	SGD	SGD	SGD
ASSETS					
Non-current assets					
Property, plant and equipment	12	23,519,494	26,032,871	774,807	998,957
Investment in subsidiaries	13	-	-	20,268,482	24,681,583
Intangible assets	14	916,420	-	180,939	-
Other assets	15	137,500	88,500	137,500	88,500
Total non-current assets		24,573,414	26,121,371	21,361,728	25,769,040
Current assets					
Inventories	16	10,167,418	10,320,304	2,033,406	1,215,549
Trade receivables	17	18,077,786	17,706,441	31,537,766	25,972,482
Other receivables, deposits and prepayments	18	2,966,985	2,473,509	15,386,803	18,137,611
Cash and cash equivalents	19	8,849,139	9,207,258	3,819,288	5,350,614
		40,061,328	39,707,512	52,777,263	50,676,256
Assets for disposal group classified as held-for-sale	11	-	7,262,514	-	-
Total current assets		40,061,328	46,970,026	52,777,263	50,676,256
TOTAL ASSETS		64,634,742	73,091,397	74,138,991	76,445,296
EQUITY AND LIABILITIES					
Equity					
Share capital	20	20,108,817	18,171,227	20,108,817	18,171,227
Retained earnings		5,520,978	7,008,894	3,550,880	3,410,760
Other reserves	21	845,264	1,481,828	277,175	232,289
Equity attributable to equity holders of the Company		26,475,059	26,661,949	23,936,872	21,814,276
Non-controlling interests		-	1,361,751	-	-
Total equity		26,475,059	28,023,700	23,936,872	21,814,276
Non-current liabilities					
Deferred tax liabilities	10	143,338	421,448	48,908	-
Bank loans	23	3,640,908	5,602,451	2,888,040	5,602,451
Finance leases	24	981,746	1,058,320	981,746	1,058,320
Total non-current liabilities		4,765,992	7,082,219	3,918,694	6,660,771

The notes set out on pages 34 to 86 form an integral part of these financial statements.

Statements of Financial Position

As At 31 December 2010

	Note	The Group 2010	The Group 2009	The Company 2010	The Company 2009
		SGD	SGD	SGD	SGD
Current liabilities					
Income tax payables		197,718	79,130	58,800	-
Trade payables	25	15,277,913	19,780,275	31,412,969	35,534,425
Other payables and accrued liabilities	26	2,597,301	4,015,610	841,019	1,786,673
Short-term borrowings	27	12,932,768	10,472,750	11,894,178	7,274,121
Bank loans	23	1,876,526	2,386,305	1,564,994	2,386,305
Finance leases	24	511,465	1,005,406	511,465	988,725
		33,393,691	37,739,476	46,283,425	47,970,249
Liabilities for disposal group classified as held-for-sale	11	-	246,002	-	-
Total current liabilities		33,393,691	37,985,478	46,283,425	47,970,249
Total liabilities		38,159,683	45,067,697	50,202,119	54,631,020
TOTAL EQUITY AND LIABILITIES		64,634,742	73,091,397	74,138,991	76,445,296

The notes set out on pages 34 to 86 form an integral part of these financial statements.

Statements of Changes In Equity

For The Financial Year Ended 31 December 2010

The Group

	Note	Share capital	Retained earnings	Share option reserve	Translation reserve	Statutory reserve	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
		SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
Balance as at 1 January 2010		18,171,227	7,008,894	232,289	(222,929)	1,472,468	26,661,949	1,361,751	28,023,700
Total comprehensive loss for the year		-	(1,185,245)	-	(984,121)	-	(2,169,366)	-	(2,169,366)
Share-based payments	22	-	-	44,886	-	-	44,886	-	44,886
Disposal of subsidiary	19	-	-	-	-	-	-	(1,361,751)	(1,361,751)
Transfer to other reserves	21	-	(302,671)	-	-	302,671	-	-	-
Issue of share capital	20	2,100,000	-	-	-	-	2,100,000	-	2,100,000
Share issue expenses	20	(162,410)	-	-	-	-	(162,410)	-	(162,410)
Balance as at 31 December 2010		20,108,817	5,520,978	277,175	(1,207,050)	1,775,139	26,475,059	-	26,475,059
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	22	-	-	16,139	-	-	16,139	-	16,139
Transfer to other reserves	21	-	(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

The notes set out on pages 34 to 86 form an integral part of these financial statements.

Statements of Changes In Equity

For The Financial Year Ended 31 December 2010

The Company

	Note	Share capital	Retained earnings	Share option reserve	Total equity
		SGD	SGD	SGD	SGD
Balance as at 1 January 2010		18,171,227	3,410,760	232,289	21,814,276
Total comprehensive income for the year		-	140,120	-	140,120
Share-based payments	22	-	-	44,886	44,886
Issue of share capital	20	2,100,000	-	-	2,100,000
Share issue expenses	20	(162,410)	-	-	(162,410)
Balance as at 31 December 2010		20,108,817	3,550,880	277,175	23,936,872
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	22	-	-	16,139	16,139
Balance as at 31 December 2009		18,171,227	3,410,760	232,289	21,814,276

The notes set out on pages 34 to 86 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2010

	Note	The Group 2010	The Group 2009
		SGD	SGD
Cash flows from operating activities			
Loss before tax		(558,802)	(560,665)
Adjustments for:			
Depreciation expense	12	3,999,855	4,236,115
Loss/(gain) on disposal of property, plant and equipment		39,587	(2,282,323)
Loss on disposal of subsidiary		7,819	-
Loss on disposal of other assets		-	7,338
Interest income		(9,293)	(8,759)
Interest expense		852,528	1,169,966
Allowance for impairment of subsidiary		-	1,077,171
Share-based payment expense	22	44,886	16,139
Amortisation of intangible assets	14	84,253	-
Property, plant and equipment written off		24,123	-
(Reversal)/write-down on inventories	16	(341,293)	564,482
Allowance for impairment of trade receivables	17	134,255	709,739
Operating profit before working capital changes		4,277,918	4,929,203
Cash restricted in use		(30,275)	(217,719)
Inventories		494,179	1,849,799
Trade and other receivables		(1,017,870)	1,045,265
Assets classified as held-for-sale		-	6,855
Trade and other payables		(5,920,671)	1,229,984
Cash (used in)/generated from operations		(2,196,719)	8,843,387
Income tax paid		(796,025)	(171,388)
Net cash (used in)/generated from operating activities		(2,992,744)	8,671,999
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		46,287	6,342,944
Proceeds from disposal of subsidiary, net of cash disposed of	19	5,731,984	-
Purchase of property, plant and equipment	12, 19	(1,924,231)	(5,936,741)
Proceeds from disposal of other assets		-	22,352
Addition of intangible assets		(1,000,000)	-
Addition of club membership		(49,000)	-
Interest received		9,293	8,759
Net cash generated from investing activities		2,814,333	437,314

The notes set out on pages 34 to 86 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For The Financial Year Ended 31 December 2010

	Note	The Group 2010 SGD	The Group 2009 SGD
Cash flows from financing activities			
Proceeds from issuance of shares	20	1,937,590	-
Proceeds from/(repayments of) short-term borrowings		2,678,232	(12,916,426)
(Repayments of)/proceeds from bank loans		(2,471,322)	6,500,000
Repayment of finance leases		(1,095,515)	(1,411,931)
Interest paid		(852,528)	(1,169,966)
Net cash generated from/(used in) financing activities		196,457	(8,998,323)
Net effect of exchange rate changes in consolidating subsidiaries		(279,400)	(133,258)
Net decrease in cash and cash equivalents		(261,354)	(22,268)
Cash and cash equivalents at beginning of financial year		6,593,879	6,616,147
Cash and cash equivalents at end of financial year	19	6,332,525	6,593,879

The notes set out on pages 34 to 86 form an integral part of these financial statements.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2010

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Metal Component Engineering Limited (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 13 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 2010 were authorised for issue by the Board of Directors on 18 March 2011.

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 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 2010. 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 adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as disclosed below:

FRS 103 Business Combinations (revised)

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

- Transaction costs would no longer be capitalised as part of the cost of acquisition but will be expensed immediately;
- Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;
- The Group elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and

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

Basis of Preparation (cont'd)

FRS 103 Business Combinations (revised) (cont'd)

- When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

FRS 27 Consolidated and Separate Financial Statements (revised)

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

- When control over a subsidiary is lost, any interest retained at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

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 intra-group 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 Combination

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiairies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

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

Business Combination (cont'd)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continued to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

Disposal Subsidiaries

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

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

Subsidiaries

A subsidiary is an entity that is 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.

Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

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.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

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

Trade and Other Receivables

After initial recognition at fair value, trade and other 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 and other receivables are stated after provision for impairment. A trade and other 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 and other receivables are assumed to approximate their fair value. Normally no interest is charged on trade and other receivables.

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.

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 profit or loss.

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)

Research and Development Costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of three years based on the expected sales from the related project on a straight line basis.

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 flows 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 end of reporting period.

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or when they expire.

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.

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

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.

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 income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset. Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset. Dividend income 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.

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

Foreign Currency Transactions (cont'd)

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.

Borrowing 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.

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 profit or loss 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.

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

Income Tax (cont'd)

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.

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 recognised 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.

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

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.

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.

Financial Guarantees

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

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

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 end of reporting 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 Property, Plant and Equipment*

  The estimates for the useful lives and related depreciation charges for property, 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 judgement. 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.

Intra-group 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	
	2010	**2009**
	SGD	SGD
Salaries and other short-term employee benefits	2,174,217	1,799,856
Share-based compensation	44,886	88,025

The above amounts are included under employee benefits expense. Included in the above was remuneration to directors of the Company amounting to SGD1,103,757 (2009: SGD1,191,554) and directors' fee of SGD95,000 (2009: SGD81,000). The 2010 directors' fee have been paid out during the financial year as this had been approved in last Annual General Meeting held on 23 April 2010.

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 eight (2009: five) other key management personnel.

4. REVENUE

	The Group	
	2010	**2009**
	SGD	SGD
Sales of goods	73,836,713	63,748,189
Sales of scrap	2,564,792	1,991,109
	76,401,505	65,739,298

5. OTHER INCOME

	The Group	
	2010	2009
	SGD	SGD
Sundry income	242,353	319,492
Interest income from third parties	9,294	8,759
	251,647	328,251

6. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2010	2009
	SGD	SGD
Staff costs including directors' remuneration	15,049,424	11,589,243
Contributions to defined contribution plans	1,275,253	741,218
Presented as employee benefits expense in consolidated statement of comprehensive income	16,324,677	12,330,461
Share-based compensation included in other charges	44,886	16,139
	16,369,563	12,346,600

7. OTHER CHARGES/(CREDITS)

	The Group	
	2010	2009
	SGD	SGD
Bad debts recovered	-	(77,160)
Loss/(gain) on disposal of property, plant and equipment	39,587	(2,282,323)
(Reversal)/write-down on inventories (Note 16)	(341,293)	564,482
Allowance for impairment of trade receivables (Note 17)	134,255	709,739
Foreign exchange losses	663,134	377,766
Loss on disposal of other assets	-	7,338
Share-based payment expense (Note 22)	44,886	16,139
Amortisation of intangible assets (Note 14)	84,253	-
Property, plant and equipment written off	24,123	-
Loss on disposal of subsidiary (Note 19)	7,819	-
	656,764	(684,019)

Notes To The Financial Statements
For The Financial Year Ended 31 December 2010

8. FINANCIAL EXPENSE

	The Group	
	2010	2009
	SGD	SGD
Interest on:		
Bank overdrafts	88,002	86,340
Trade financing	131,487	228,470
Finance lease	155,360	159,143
Term loans	477,680	696,013
	852,529	1,169,966

9. (LOSS)/PROFIT BEFORE TAX

In addition to the charges and credits disclosed elsewhere in the notes, (loss)/profit before tax has been arrived after charging:-

	The Group	
	2010	2009
	SGD	SGD
Chemical, lubricants and gas	2,160,493	322,116
Water and electricity	1,811,367	1,494,310
Carriage inwards and outwards	1,631,368	1,509,111
Other fees paid/payable to auditors		
- Auditor of the Company	6,000	6,000
- Other auditors	1,091	603

10. INCOME TAX EXPENSE

		The Group	
		2010	2009
		SGD	SGD
Income tax	- current	687,346	234,967
	- under provision in prior years	227,272	5,747
Deferred tax	- current	(348,335)	(114,320)
	- under provision in prior years	60,160	-
Total income tax expense		626,443	126,394

10. INCOME TAX EXPENSE (cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2009: 17%) to loss before tax as a result of the following differences:-

	The Group	
	2010	**2009**
	SGD	SGD
Loss before tax	(558,802)	(560,665)
Tax calculated at the tax rate of 17% (2009: 17%)	(94,996)	(95,313)
Non-allowable items	266,259	50,142
Income not subject to tax	(403,482)	(4,276)
Under provision in prior years	287,432	5,747
Deferred tax assets not recognised	1,090,336	404,033
Effect of changes in tax rate	-	(16,480)
Exemptions and rebates	(444,155)	(89,260)
Utilisation of deferred tax assets previously not recognised	(105,153)	(373,073)
Different in tax rates in other countries	127,950	135,462
Effect of tax losses not carried forward	11,610	-
Other items	(109,358)	109,412
Total tax expense	626,443	126,394

The deferred tax amounts are as follows:

	Statements of financial position		Net change in statement of comprehensive income	
	2010	**2009**	**2010**	**2009**
	SGD	SGD	SGD	SGD
The Group				
Deferred tax liabilities:				
Excess of carrying amount of property, plant and equipment	143,338	421,448	(288,175)	(114,320)
Total deferred tax liabilities	143,338	421,448	(288,175)	(114,320)
Deferred tax assets:				
Tax losses carried forward	1,399,443	551,405	848,038	29,665
Wear and tear allowances carried forward	-	44,769	(44,769)	-
Double deduction claim	-	4,680	(4,680)	-
Others	-	(56,272)	56,272	-
Deferred tax assets not recognised	(1,399,443)	(543,507)	(855,936)	(28,590)
Foreign exchange adjustments	-	(1,075)	1,075	(1,075)
Total deferred tax assets	-	-	-	-
Net total of deferred tax liabilities	143,338	421,448	(288,175)	(114,320)
Presented in the statements of financial position as follows:				
Deferred tax liabilities	143,338	421,448		

10. INCOME TAX EXPENSE (cont'd)

	Statements of financial position		Net change in statement of comprehensive income	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
The Company				
Deferred tax liabilities:				
Excess of carrying amount of property, plant and equipment	48,908	-	48,908	-
Total deferred tax liabilities	48,908	-	48,908	-
Deferred tax assets:				
Tax losses carried forward	723,809	165,790	558,019	242,107
Double deduction claim	-	-	-	4,680
Deferred tax assets not recognised	(723,809)	(165,790)	(558,019)	(246,787)
Total deferred tax assets	-	-	-	-
Net total of deferred tax liabilities	48,908	-	48,908	-
Presented in the statements of financial position as follows:				
Deferred tax liabilities	48,908	-		
Net total of deferred tax liabilities	48,908	-		

The deferred tax liability arises as a result of the excess of carrying value over the tax written down value of property, plant and equipment.

In respect of the subsidiaries in The People's Republic of China, under the Income Tax Law of the The People's Republic of China 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.

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

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

On 25 January 2010, the Group disposed 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 were classified as a disposal group held-for-sale on the statements of financial position and the entire result from MCET were presented separately on the consolidated statement of comprehensive income as "Discontinued operations" in 2009 financial statements.

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

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

	The Group 2009 SGD
Revenue	2,266
Other income	399,016
Expenses	(602,407)
Loss before tax from discontinued operations	(201,125)
Income tax expense	-
Loss after tax from discontinued operations	(201,125)
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)

	The Group 2009 SGD
Details of the assets in disposal group classified as held-for-sale were as follows:	
Property, plant and equipment	5,789,726
Assets classified as held-for-sale	463,349
Financial asset, available-for-sale	327,075
Trade and other receivables (net)	1,656,254
Inventories	12,040
Cash and cash in hand	91,174
Less: Allowance for impairment	(1,077,104)
	7,262,514
Details of the liabilities directly associated with disposal group classified as held-for-sale were 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 was as follows:

	The Group 2009
	SGD
Net cash generated from:	
Operating activities	32,211
Investing activities	-
Financing activities	-
Total cash inflows	32,211

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 2010	8,080,455	41,284,914	49,365,369
Foreign exchange adjustments	(366,903)	(835,923)	(1,202,826)
Additions	-	2,449,231	2,449,231
Disposal/Written off	-	(666,360)	(666,360)
At end of year 31 December 2010	7,713,552	42,231,862	49,945,414
Accumulated depreciation and accumulated impairment loss:			
At beginning of year 1 January 2010	1,738,798	21,593,700	23,332,498
Foreign exchange adjustments	(42,005)	(308,046)	(350,051)
Depreciation charge	294,165	3,705,690	3,999,855
Disposal/Written off	-	(556,382)	(556,382)
At end of year 31 December 2010	1,990,958	24,434,962	26,425,920
Carrying amount:			
At end of year 31 December 2010	5,722,594	17,796,900	23,519,494

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

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

The carrying amounts of property, plant and equipment held under finance leases are disclosed in Note 24.

Bank loans and short-term borrowings are secured on property, plant and equipment of the Group with carrying amounts of SGD1,432,626 and SGD445,824 respectively (2009: SGD804,156 and SGD469,640) (see Notes 23 and 27).

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

The Company	Leasehold land and properties	Plant and equipment	Total
	SGD	SGD	SGD
Cost:			
At beginning of year 1 January 2010	-	1,788,613	1,788,613
Additions	-	59,332	59,332
Disposal/Written off	-	(190,387)	(190,387)
At end of year 31 December 2010	-	1,657,558	1,657,558
Accumulated depreciation:			
At beginning of year 1 January 2010	-	789,656	789,656
Disposal/Written off	-	(187,632)	(187,632)
Depreciation for the year	-	280,727	280,727
At end of year 31 December 2010	-	882,751	882,751
Carrying amount:			
At end of year 31 December 2010	-	774,807	774,807

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	4,762,788	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

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

13. INVESTMENT IN SUBSIDIARIES

	The Company	
	2010	2009
	SGD	SGD
Unlisted equity shares at cost	20,628,605	29,038,933
Less: Allowance for impairment	(360,123)	(4,357,350)
Net	20,268,482	24,681,583
Movements in allowance for impairment:		
Balance at beginning of year	4,357,350	3,348,827
(Reversal)/addition during the year	(3,997,227)	1,008,523
Balance at end of year	360,123	4,357,350

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	
				2010	2009
				%	%
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
Metal Computer Component (Suzhou) Limited	(c)	Metal stamping and plating related activities	The People's Republic of China	100	100
MCE Industries (Thailand) Co., Ltd	(d) *	Manufacturing and distribution of computer and chassis	Thailand	-	80.3

* Information on the discontinued operations of MCE Industries (Thailand) Co., Ltd was set out in Note 11. The subsidiary was disposed on 25 January 2010.

13. INVESTMENT IN SUBSIDIARIES (cont'd)

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

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

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

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

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 firm of Morison International.

14. INTANGIBLE ASSETS

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	SGD	SGD	SGD	SGD
Development cost	916,420	-	180,939	-

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	SGD	SGD	SGD	SGD
Cost				
Balance at beginning of year	-	-	-	-
Foreign exchange adjustments	673	-	-	-
Additions	1,000,000	-	197,388	-
Balance at end of year	1,000,673	-	197,388	-
Accumulated amortisation				
Balance at beginning of year	-	-	-	-
Amortisation charge (Note 7)	84,253	-	16,449	-
Balance at end of year	84,253	-	16,449	-
Net book value	916,420	-	180,939	-

The development costs incurred are for the design, testing and construction of a new product.

15. OTHER ASSETS

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	SGD	SGD	SGD	SGD
Club memberships, at cost	137,500	88,500	137,500	88,500

The carrying amounts of the club memberships approximate its fair value.

16. INVENTORIES

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Finished goods and goods for resale	3,631,538	2,741,091	2,011,825	1,110,046
Work-in-progress	2,470,444	2,740,711	-	62,765
Raw materials	4,065,436	4,838,502	21,581	42,738
	10,167,418	10,320,304	2,033,406	1,215,549

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

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Balance at beginning of year	1,132,407	1,033,631	145,083	174,203
Foreign exchange adjustments	(34,722)	(38,021)	-	-
(Reversal from)/Charged to profit or loss included in other charges (Note 7)	(341,293)	564,482	-	(5,667)
Inventories written off	-	(427,685)	-	(23,453)
Balance at end of year	756,392	1,132,407	145,083	145,083

The Group has recognised a reversal of SGD341,293 (2009: Nil), being part of an inventory write-down made in 2009, as the inventories were sold in 2010.

17. TRADE RECEIVABLES

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Outside parties	19,037,489	18,556,969	11,894,476	9,277,559
Subsidiaries	-	-	20,049,690	17,794,651
Less: Allowance for impairment				
- Outside parties	(959,703)	(850,528)	(406,400)	(299,728)
- Subsidiary	-	-	-	(800,000)
Total trade receivables	18,077,786	17,706,441	31,537,766	25,972,482

17. TRADE RECEIVABLES (cont'd)

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Movements in allowance for impairment:				
Balance at beginning of year	850,528	362,184	1,099,728	807,465
Foreign exchange adjustments	(25,080)	(12,987)	-	-
Charged to profit or loss included in other charges				
- continuing operations (Note 7)	134,255	709,739	106,672	292,263
Assets classified as disposal group held-for-sale	-	(131,248)	-	-
Bad debts written off	-	(77,160)	-	-
Reclassification to other receivables	-	-	(800,000)	-
Balance at end of year	959,703	850,528	406,400	1,099,728

The average credit period generally granted to major trade receivables customers is about 45 to 60 days (2009: 45 to 60 days).

The Group has factored trade receivables with carrying amounts of SGD8,835,677 to a bank in exchange for cash during the year. The transaction has been accounted for as secured short-term borrowings as the bank has full recourse to the Group in the event of default by the trade receivables (Note 27).

Concentration of trade receivables customers:

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Top 1 customer	10,516,080	4,205,480	6,532,469	4,205,480
Top 2 customers	15,494,056	5,844,115	9,372,085	5,630,788

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Subsidiaries	-	-	15,340,431	17,257,506
Less: Allowance for impairment				
- Subsidiary	-	-	(800,000)	-
Deposits	1,082,798	920,005	78,659	89,082
Other receivables	183,122	167,775	18,071	15,020
Tax refundable	29,150	317,071	166,600	160,873
Advance to suppliers	269,642	-	70,670	-
Prepayments	1,402,273	1,068,658	512,372	615,130
	2,966,985	2,473,509	15,386,803	18,137,611

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

Movement in allowance for impairment:

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Balance at beginning of year	-	-	-	-
Reclassification from trade receivables	-	-	800,000	-
Balance at end of year	-	-	800,000	-

19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Cash at bank and on hand	7,955,500	8,343,894	3,819,288	5,350,614
Bank deposits (i)	893,639	863,364	-	-
	8,849,139	9,207,258	3,819,288	5,350,614

(i) This is for bank balances held by bankers to cover bank gurantee issued.

The rate of interest for the cash at bank in interest earning accounts ranges between 0.10% to 0.75% (2009: 0.10% to 0.75%) per annum.

The carrying amounts of these assets approximate their fair values.

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

	The Group	
	2010	2009
	SGD	SGD
As shown above	8,849,139	9,207,258
Cash and bank balances under assets for disposal group classified as held-for-sale (Note 11)	-	91,174
Bank overdrafts (Note 27)	(1,622,975)	(1,841,189)
Bank deposits restricted in use	(893,639)	(863,364)
	6,332,525	6,593,879

19. CASH AND CASH EQUIVALENTS (cont'd)

Non-cash transactions

During the year, the Group acquired property, plant and equipment with an aggregate cost of SGD2,449,231 (2009: SGD7,004,983) of which SGD525,000 (2009: SGD1,068,242) was acquired by means of finance leases. Cash payments of SGD1,924,231 (2009: SGD5,936,741) were made to purchase property, plant and equipment.

Disposal of subsidiary

On 25 January 2010, the Company disposed of its entire interest in MCE Industries (Thailand) Co., Ltd. ("MCET") for a consideration of Baht 134,904,000. The effects of the disposal on the cash flows of the Group were:

Carrying amounts of assets and liabilities disposed

	The Group
	SGD
Cash and cash equivalents	(91,174)
Property, plant and equipment	(5,789,726)
Assets classified as held-for-sale	(463,349)
Financial asset, available-for-sale	(327,075)
Trade and other receivables	(1,656,254)
Inventories	(12,040)
Less: Allowance for impairment	1,077,104
Total assets	(7,262,514)
Trade and other payables	246,002
Net assets derecognised	(7,016,512)
Less: Non-controlling interests	1,361,751
Net assets disposed	(5,654,761)

The aggregate cash inflows arising from the disposal of MCET were:

	The Group
	SGD
Net assets disposed (as above)	5,654,761
Currency translation reserve	176,216
	5,830,977
Loss on disposal of subsidiary (Note 7)	(7,819)
Cash proceeds from disposal	5,823,158
Less: Cash and cash equivalents in subsidiary disposed	(91,174)
Proceeds from disposal of subsidiary, net of cash disposed of	5,731,984

20. SHARE CAPITAL

	The Group and The Company	
	Number of shares	Issued share capital
		SGD
2010		
Balance at beginning of year	150,000,000	18,171,227
Shares issued	30,000,000	1,937,590
Balance at end of year	180,000,000	20,108,817
2009		
Balance at beginning and end of year	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.

On 17 September 2010, the Company issued additional 30,000,000 ordinary shares for a total consideration of SGD2,100,000 for cash to provide funds for the expansion of the Group's operations.

The total consideration (net of expense) for the ordinary shares issued is as follows:

	2010	2009
	SGD	SGD
Cash consideration	2,100,000	-
Less: Share issue expenses	(162,410)	-
Total net consideration	1,937,590	-

The newly issued shares rank pari passu in all respects with the previously issued shares.

21. 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 People's Republic of China 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.

21. OTHER RESERVES (cont'd)

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

22. SHARE-BASED PAYMENTS

Share option reserve

	The Group and The Company	
	2010	**2009**
	SGD	SGD
Balance at beginning of year	232,289	216,150
Share-based compensation	44,886	16,139
Balance at end of year	277,175	232,289
The expense for the year allocated in the statement of comprehensive income as follows:		
Other charges	44,886	16,139

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.

22. SHARE-BASED PAYMENTS (cont'd)

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

Year 2010

Date of grant	Balance at 1.1.2010	Granted	Cancelled/ lapsed	Exercised during financial year	Balance at 31.12.2010		Exercise price	Exercise period
							SGD	
24.8.2004	1,000,000	-	-	-	1,000,000	(i)	0.216	24.8.2005 to 23.8.2014
29.5.2007	3,900,000	-	-	-	3,900,000	(i)	0.090	29.5.2008 to 28.5.2017
29.5.2007	800,000	-	(250,000)	-	550,000	(ii)	0.090	29.5.2008 to 29.5.2012
8.5.2009	5,740,000	-	-	-	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
	12,040,000	-	(250,000)	-	11,790,000			

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			

(i) for Executive Directors and employees;
(ii) for Non-Executive Directors.

23. BANK LOANS

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Bank loans (secured)	2,315,450	3,586,289	1,251,050	3,586,289
Bank loans (unsecured)	3,201,984	4,402,467	3,201,984	4,402,467
	5,517,434	7,988,756	4,453,034	7,988,756

The bank loans are repayable as follows:

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Current				
Bank loans (secured)	622,192	1,183,357	310,660	1,183,357
Bank loans (unsecured)	1,254,334	1,202,948	1,254,334	1,202,948
Total current portion	1,876,526	2,386,305	1,564,994	2,386,305
Non-current				
Bank loans (secured)	1,693,258	2,402,932	940,390	2,402,932
Bank loans (unsecured)	1,947,650	3,199,519	1,947,650	3,199,519
Total non-current portion	3,640,908	5,602,451	2,888,040	5,602,451
Total bank loans	5,517,434	7,988,756	4,453,034	7,988,756
The non-current portion is repayable as follows:				
Due within two to five years	3,640,908	5,602,451	2,888,040	5,602,451

The interest rate varied from 3.60% to 7.50% (2009: 4.15% to 6.00%) per annum. These approximate the weighted average effective interest rate.

(a) A seven-year bank loan of SGD6,998,175 was repayable in 72 equal monthly installments commencing from February 2006 (loan period from February 2005 to January 2006 if for interest servicing only). It was secured by the shares of subsidiary, MCE Industries (Thailand) Co., Ltd, legal mortgage over leasehold land and properties and a fixed charge over certain plant and equipment of the subsidiary. It has been fully settled during the year.

(b) 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 plant and equipment of a subsidiary (Note 12).

(c) A four-year bank loan of USD1,000,000 is repayable in 16 equal quarterly installments commencing from June 2010. The bank loan is secured by the corporate guarantee from the Company.

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

24. FINANCE LEASES

The Group 2010	**Minimum payments**	**Finance charges**	**Present value**
	SGD	SGD	SGD
Minimum lease payments payable:			
Due within one year	558,074	(46,609)	511,465
Due within two to five years	1,081,722	(99,976)	981,746
Total	1,639,796	(146,585)	1,493,211
Carrying amount of property, plant and equipment under finance leases			2,221,160

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

The Company 2010	**Minimum payments**	**Finance charges**	**Present value**
	SGD	SGD	SGD
Minimum lease payments payable:			
Due within one year	558,074	(46,609)	511,465
Due within two to five years	1,081,722	(99,976)	981,746
Total	1,639,796	(146,585)	1,493,211
Carrying amount of property, plant and equipment under finance leases (i)			480,938

Notes To The Financial Statements

For The Financial Year Ended 31 December 2010

24. FINANCE LEASES (cont'd)

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

(i) Included in the finance leases are assets of carrying amount of SGD1,740,222 (2009: SGD3,397,704) held by the overseas subsidiaries in The People's Republic of China under the cross-border financing arrangement.

It is the Group's policy to lease certain property, 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 7.85% (2009: 4.73% to 7.50%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance lease are secured by the lessor's charge over the leased assets.

25. TRADE PAYABLES

	The Group		**The Company**	
	2010	**2009**	**2010**	**2009**
	SGD	SGD	SGD	SGD
Subsidiaries	-	-	26,993,096	27,549,477
Outside parties	12,957,393	19,365,226	4,376,605	7,833,512
Accrued liabilities	2,320,520	415,049	43,268	151,436
	15,277,913	19,780,275	31,412,969	35,534,425

The average credit period taken to settle trade payables is about 121 days (2009: 166 days).

Notes To The Financial Statements
For The Financial Year Ended 31 December 2010

26. OTHER PAYABLES AND ACCRUED LIABILITIES

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Subsidiaries	-	-	381,032	485,155
Outside parties	1,033,159	1,527,175	25,036	768,172
Accrued liabilities	1,564,142	2,488,435	434,951	533,346
	2,597,301	4,015,610	841,019	1,786,673

27. SHORT-TERM BORROWINGS

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Bank loans (secured)	-	1,498,243	-	-
Bank loans (unsecured)	2,400,000	4,528,121	2,400,000	3,900,000
Bank overdraft (secured) (i)	199,592	161,917	-	-
Bank overdraft (unsecured)	1,423,383	1,679,272	1,423,383	1,588,724
Bills payable to banks (secured) (ii)	6,951,750	409,900	6,112,751	-
Bills payable to banks (unsecured)	1,958,043	2,195,297	1,958,044	1,785,397
	12,932,768	10,472,750	11,894,178	7,274,121

(i) The bank overdraft with credit limit amounting to SGD209,750 is secured by fixed legal charge on certain subsidiary's leasehold land, factory building and corporate guarantee from the Company (Note 12).

(ii) Bills payable to banks are secured by the same securities as disclosed in (i) above and certain trade receivables as disclosed in Note 17. The bills payable to banks are charged interest ranging from 1.64% to 5.28% (2009: 5.21% to 5.50%) per annum on amounts outstanding. These approximate the weighted average effective interest rate.

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

The exposure of the borrowings to interest rate changes and the contractual repricing or maturity dates at the end of reporting period are as follows:

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Less than 6 months	12,932,768	9,592,164	11,894,178	7,274,121
Within 12 months	-	880,586	-	-
	12,932,768	10,472,750	11,894,178	7,274,121

28. (LOSS)/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	
	2010	2009	2010	2009	2010	2009
	SGD	SGD	SGD	SGD	SGD	SGD
The calculation of the earnings per share is based on the following:						
Loss/(profit) for the year attributable to the equity holders of the Company	(1,185,245)	843,061	-	(1,278,296)	(1,185,245)	(435,235)
Number of shares						
Weighted average number of ordinary shares for the purposes of						
- Basic EPS	158,712,329	150,000,000	-	150,000,000	158,712,329	150,000,000
- Diluted EPS	160,366,242	150,000,000	-	150,000,000	160,366,242	150,000,000
Basic (loss)/profit per share (cents per share)						
- on weighted average number of ordinary shares	(0.75)	0.56	-	(0.85)	(0.75)	(0.29)
- on fully diluted basis	(0.74)	0.56	-	(0.85)	(0.74)	(0.29)

There was no dilution in 2009 for the options because the exercise price was higher than the average fair value of the Company's shares.

29. CONTINGENT LIABILITIES

	The Company	
	2010	2009
	SGD	SGD
Corporate guarantee in favour of subsidiaries	4,581,727	7,805,772

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 SGD2,103,001 (2009: SGD3,215,311) at the end of the reporting period. The fair value of this corporate guarantee has been determined to be insignificant.

30. OPERATING LEASE COMMITMENTS

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

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Within one year	1,170,031	1,382,362	268,799	261,832
Within two to five years	770,595	2,252,965	331,003	630,067
	1,940,626	3,635,327	599,802	891,899
Rental expenses for the financial year	1,438,118	1,078,658	232,282	28,987

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 one to five years on fixed rental rates; and

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

31. CAPITAL COMMITMENTS

	The Group		The Company	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Estimated amounts committed for future capital expenditure but not provided for in the financial statements				
- commitments in respect of acquisition of property, plant and equipment	1,152,612	365,430	-	-
- commitment to take up shares in subsidiaries	-	10,302,765	-	10,302,765

32. 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 the 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 for the corporate guarantees provided to banks on subsidiaries' loans (Note 29).

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

	The Group		The Company	
	2010	**2009**	**2010**	**2009**
	SGD	SGD	SGD	SGD
By geographical areas				
Southeast Asia	9,817,666	9,280,062	14,905,147	9,780,251
China	7,921,315	8,309,426	16,563,958	16,153,335
North America	62,025	47,084	56,721	38,896
Others	276,780	69,869	11,940	-
	18,077,786	17,706,441	31,537,766	25,972,482
By types of customers				
Intercompany	-	-	20,049,690	16,994,651
Third parties	18,077,786	17,706,441	11,488,076	8,977,831
	18,077,786	17,706,441	31,537,766	25,972,482

32. 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	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Past due 3 to 6 months	1,306,835	2,935,579	647,096	14,668,387
Past due over 6 months	385,697	1,193,640	-	-
	1,692,532	4,129,219	647,096	14,668,387

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

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.

32. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity and interest risk analysis

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

The Group	**On demand or within 1 year**	**2 to 5 years**	**Total**
	SGD	SGD	SGD
2010			
Non-interest bearing payables	17,875,214	-	17,875,214
Bank overdraft	1,730,676	-	1,730,676
Short-term borrowings	11,403,439	-	11,403,439
Bank loans	1,915,032	3,715,620	5,630,652
Finance leases	558,074	1,081,722	1,639,796
	33,482,435	4,797,342	38,279,777

	On demand or within 1 year	**2 to 5 years**	**Total**
	SGD	SGD	SGD
2009			
Non-interest bearing payables	23,795,885	-	23,795,885
Bank overdraft	1,927,578	-	1,927,578
Short-term borrowings	8,867,721	-	8,867,721
Bank loans	2,506,002	5,883,470	8,389,472
Finance leases	1,100,495	1,147,612	2,248,107
	38,197,681	7,031,082	45,228,763

32. FINANCIAL RISK MANAGEMENT (cont'd)

Liquidity and interest risk analysis (cont'd)

Non-derivative financial liabilities (cont'd)

The Company	On demand or within 1 year	2 to 5 years	Total
	SGD	SGD	SGD
2010			
Non-interest bearing payables	32,253,988	-	32,253,988
Bank overdraft	1,499,392	-	1,499,392
Short-term borrowings	10,507,232	-	10,507,232
Bank loans	1,604,807	2,961,512	4,566,319
Finance leases	558,074	1,081,722	1,639,796
	46,423,493	4,043,234	50,466,727

	On demand or within 1 year	2 to 5 years	Total
	SGD	SGD	SGD
2009			
Non-interest bearing payables	37,321,098	-	37,321,098
Bank overdraft	1,642,868	-	1,642,868
Short-term borrowings	5,810,931	-	5,810,931
Bank loans	2,506,002	5,883,470	8,389,472
Finance leases	1,081,561	1,147,612	2,229,173
	48,362,460	7,031,082	55,393,542

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.

32. FINANCIAL RISK MANAGEMENT (cont'd)

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**	**Total**
	SGD	SGD	SGD
The Group			
2010			
Financial liabilities			
Fixed rate			
Finance leases	511,465	981,746	1,493,211
Floating rate			
Bank overdraft	1,622,975	-	1,622,975
Short-term borrowings	11,309,793	-	11,309,793
Bank loans	1,876,526	3,640,908	5,517,434
2009			
Financial liabilities			
Fixed rate			
Finance leases	1,005,406	1,058,320	2,063,726
Floating rate			
Bank overdraft	1,841,189	-	1,841,189
Short-term borrowings	8,631,561	-	8,631,561
Bank loans	2,386,305	5,602,451	7,988,756

32. FINANCIAL RISK MANAGEMENT (cont'd)

Interest rate risk (cont'd)

	Within 1 year	2 to 5 years	Total
	SGD	SGD	SGD
The Company			
2010			
Financial liabilities			
Fixed rate			
Finance leases	511,465	981,746	1,493,211
Floating rate			
Bank overdraft	1,423,383	-	1,423,383
Short-term borrowings	10,470,795	-	10,470,795
Bank loans	1,564,994	2,888,040	4,453,034
2009			
Financial liabilities			
Fixed rate			
Finance leases	988,725	1,058,320	2,047,045
Floating rate			
Bank overdraft	1,588,724	-	1,588,724
Short-term borrowings	5,685,397	-	5,685,397
Bank loans	2,386,305	5,602,451	7,988,756

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.

32. FINANCIAL RISK MANAGEMENT (cont'd)

Cash flow sensitivity analysis for variable rate instruments

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

	Profit before tax	
	100 bp increase	**100 bp decrease**
	SGD	SGD
The Group		
31 December 2010		
Floating rate instruments	(187,037)	187,037
31 December 2009		
Floating rate instruments	(184,616)	184,616
The Company		
31 December 2010		
Floating rate instruments	(173,028)	173,028
31 December 2009		
Floating rate instruments	(152,629)	152,629

Foreign currency risk

The Group incurs foreign currency exchange fluctuations mainly in the United States Dollars, Chinese Renminbi, Malaysian Ringgit and Thai Baht.

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.

Notes To The Financial Statements

For The Financial Year Ended 31 December 2010

32. FINANCIAL RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies against Singapore Dollars are as follows:

	Liabilities		Assets	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
The Group				
United States Dollars	16,018,362	15,323,025	21,878,963	21,073,652
Chinese Renminbi	6,353,625	8,772,587	6,255,709	5,772,948
Malaysian Ringgit	4,178,477	3,605,143	1,116,621	835,013
Thai Baht	-	177,428	-	-
The Company				
United States Dollars	39,543,693	37,948,195	36,299,164	34,197,720
Chinese Renminbi	2,470	2,609	2,998,800	3,519,000
Malaysian Ringgit	65,134	37,559	-	199,146
Thai Baht	-	16,886	-	199,527

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposure to the net assets of the Group's foreign operations in The People's Republic of China and Malaysia are managed primarily through borrowings denominated in the relevant foreign currencies.

Foreign currency sensitivity

The following table details the sensitivity to a 1% (2009:1%) increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 1% 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% (2009: 1%) 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.

32. FINANCIAL RISK MANAGEMENT (cont'd)

Foreign currency risk (cont'd)

Foreign currency sensitivity (cont'd)

If the relevant foreign currency weakens by 1% (2009: 1%) against Singapore Dollars, profit before tax will increase/(decrease) by:

	United States Dollars impact		Chinese Renminbi impact		Malaysian Ringgit impact		Thai Baht impact	
	2010	2009	2010	2009	2010	2009	2010	2009
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
The Group								
Profit before tax	(58,606)	(57,506)	979	29,996	30,619	27,701	-	1,774
The Company								
Profit before tax	32,445	37,505	(29,963)	(35,164)	651	(1,616)	-	(1,826)

If the relevant foreign currency strengthens by 1% (2009: 1%) against Singapore Dollars, profit before tax will increase/(decrease) by:

	United States Dollars impact		Chinese Renminbi impact		Malaysian Ringgit impact		Thai Baht impact	
	2010	2009	2010	2009	2010	2009	2010	2009
	SGD	SGD	SGD	SGD	SGD	SGD	SGD	SGD
The Group								
Profit before tax	58,606	57,506	(979)	(29,996)	(30,619)	(27,701)	-	(1,774)
The Company								
Profit before tax	(32,445)	(37,505)	29,963	35,164	(651)	1,616	-	1,826

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.

32. FINANCIAL RISK MANAGEMENT (cont'd)

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 end of the financial period is assumed to approximate their fair value. The carrying amounts of the bank 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 end of reporting period date. For finance lease, the market rate of interest is determined by reference to similar lease agreements.

Other financial assets and liabilities

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

Intra-group financial guarantees

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

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

The intra-group financial guarantees are eliminated in preparing the consolidated financial statements.

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting SGD4,581,727 (2009: SGD7,805,772).

Notes To The Financial Statements

For The Financial Year Ended 31 December 2010

33. 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	
	2010	2009	2010	2009
	SGD	SGD	SGD	SGD
Net debt	29,863,127	36,223,225	46,275,123	49,280,406
Total equity	26,475,059	28,023,700	23,936,872	21,814,276
Total capital	57,338,186	64,246,925	70,211,995	71,094,682
Gearing ratio	0.53	0.56	0.66	0.69

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2010 and 2009. There were no changes in the Group's approach to capital management during the financial year.

34. FINANCIAL INFORMATION BY SEGMENTS

The Group is organised into business units based on their geographical location, and has three reportable operating segments: Singapore, Malaysia and China.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating results.

Management monitors the operating results of its business units separately for the purpose of making decisions about which in certain respects, as explained in the table below, is measured differently from operating income statement in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a Group basis and are not allocated to operating segments.

Inter-segment pricing is on terms agreed between the segments.

Notes To The Financial Statements
For The Financial Year Ended 31 December 2010

34. FINANCIAL INFORMATION BY SEGMENTS (cont'd)

Segment information about these businesses is presented below:

By Geographical Areas

	Singapore	Malaysia	China	Adjustments	Note	Total
	SGD	SGD	SGD	SGD	SGD	SGD
2010						
External sales	45,037,622	540,724	30,823,159	-		76,401,505
Inter-segment sales	18,072,691	15,367,490	41,280,782	(74,720,963)		-
Total revenue	63,110,313	15,908,214	72,103,941	(74,720,963)		76,401,505
Profit/(loss) before interest and tax	2,816,757	(3,132,493)	4,865,067	(2,682,975)		1,866,356
Financial expense						(852,529)
Unallocated expenses					(i)	(1,572,629)
Loss before tax						(558,802)
Income tax expense						(626,443)
Loss after tax						(1,185,245)
Other segment information:						
Segment assets	74,827,065	14,156,214	71,316,606	(95,802,643)	(ii)	64,497,242
Unallocated assets						137,500
						64,634,742
Other segment information:						
Additions of intangible assets	197,388	802,612	-	-		1,000,000
Amortisation of intangible assets	16,449	67,804	-	-		84,253
Additions of property, plant and equipment	59,332	372,858	2,243,597	(226,556)		2,449,231
Depreciation expense	275,947	1,117,044	2,594,093	12,771		3,999,855
Allowance/(reversal) of inventory write-down	-	49,560	(390,853)	-		(341,293)
Allowance for impairment of trade receivables	134,255	-	-	-		134,255
Property, plant and equipment written off	-	-	24,123	-		24,123
Loss on disposal of property, plant and equipment	2,431	-	37,156	-		39,587

34. FINANCIAL INFORMATION BY SEGMENTS (cont'd)

By Geographical Areas (cont'd)

	Singapore and others	Malaysia	China	Adjustments	Note	Total
	SGD	SGD	SGD	SGD	SGD	SGD
2009						
External sales*	42,434,851	404,092	22,900,355	-		65,739,298
Inter-segment sales	18,394,094	21,038,982	30,112,591	(69,545,667)		-
Total revenue	60,828,945	21,443,074	53,012,946	(69,545,667)		65,739,298
Profit/(loss) before interest and tax	2,793,236	(135,263)	(1,252,766)	2,008,222		3,413,429
Financial expense						(1,169,966)
Unallocated expenses					(i)	(1,525,832)
Profit before tax						717,631
Income tax expense						(126,394)
Profit after tax						591,237
Other segment information:						
Segment assets	87,508,392	14,453,049	75,165,868	(104,124,412)	(ii)	73,002,897
Unallocated assets						88,500
						73,091,397
Other segment information:						
Additions of property, plant and equipment	784,213	1,940,273	6,156,340	(1,875,843)		7,004,983
Depreciation expense	767,013	1,159,469	2,180,394	129,239		4,236,115
Allowance for inventory write-down	5,667	18,986	539,829	-		564,482
Allowance for impairment of trade receivables	364,128	-	345,611	-		709,739
(Gain)/loss on disposal of property, plant and equipment	(2,347,316)	6,511	721,578	(663,096)		(2,282,323)

* Includes discontinued operations in Thailand.

(i) Unallocated expenses primarily relate to Directors' fee, Directors' remuneration, Singapore Exchange Listing related expenses and other corporate related expenses;

(ii) Unallocated assets pertain to other assets.

35. 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
- INT FRS 119 Extinguishing Financial Liabilities with Equity Instruments
- Revised FRS 24 Related Party Disclosures
- Amendments to INT FRS 114 Prepayments of a Minimum Funding Requirement
- INT FRS 115 Agreements for the Construction of Real Estate
- Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets
- Amendments to FRS 107 Disclosures: Transfer of Financial Assets

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. The Group is currently determining the impact of the changes to the definition of a related party on the disclosure of related party transaction. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2011.

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, The Republic of 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 The Republic of China Detached factory building	50-year lease from 20 Dec 2006 to 19 Dec 2056	25,000 sqm

Shareholdings Statistics

as at 11 March 2011

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 11 March 2011, 57.72% 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 Shareholders	No. of Shareholdings	%	No. of Shares	%
1 - 999	61	6.12	3,422	0.00
1,000 - 10,000	437	43.83	1,931,183	1.07
10,001 - 1,000,000	475	47.64	50,671,035	28.15
1,000,001 and above	24	2.41	127,394,360	70.78
	997	100.00	180,000,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Cal-Comp Electronics (Thailand) Public Company Limited	30,000,000	16.67
2	Chua Kheng Choon	13,282,666	7.38
3	Tan Soo Yong	9,177,666	5.10
4	Hong Leong Finance Nominees Pte Ltd	9,033,000	5.02
5	OCBC Securities Private Ltd	8,225,333	4.57
6	Chua Han Min	7,302,000	4.06
7	Heng Hock Liang	6,737,000	3.74
8	Phillip Securities Pte Ltd	5,709,000	3.17
9	Lee Jeff Kingsley	5,571,000	3.10
10	Lye Shot Kim	3,680,000	2.04
11	Chua Seng Cheong	3,401,000	1.89
12	Tan Chew Hiah	3,335,000	1.85
13	Wang Hsuan Yun	2,950,000	1.64
14	Tan Lee Siang	2,750,000	1.53
15	Lim Tchen Nan	2,704,000	1.50
16	Goh Kai Kui	2,020,000	1.12
17	Ng Tiam Moy	2,000,000	1.11
18	Accord Holdings Pte Ltd	1,600,000	0.89
19	Kim Eng Securities Pte. Ltd.	1,569,333	0.87
20	Ong Teng Choon	1,445,333	0.80
		122,492,331	68.05

Shareholdings Statistics
as at 11 March 2011

SUBSTANTIAL SHAREHOLDERS

	Direct Interests		Deemed Interests	
	No. of Shares	**%**	**No. of Shares**	**%**
As recorded in the Register of Substantial Shareholders				
Cal-Comp Electronics (Thailand) Public Company Limited	30,000,000	16.7	-	-
Chua Kheng Choon [(1)]	13,389,666	7.44	3,335,000	1.85
Chua Han Min [(2)]	7,302,000	4.06	3,680,000	2.04
Tan Soo Yong [(3)]	9,177,666	5.10	718,000	0.40

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 Chua Han Min's deemed interest in 3,680,000 shares is derived from shares held in the name of his spouse.

[(3)] 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 Thursday, 21 April 2011 at 9 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2010 together with the Auditors' Report thereon. **(Resolution 1)**

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

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

4. To approve the payment of Directors' fees of S$95,000 for the year ending 31 December 2011 to be paid quarterly in arrears at the end of each calendar quarter. **(Resolution 4)**

5. 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 5)**

6. 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:

7. 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 6)**

Notice of Annual General Meeting

(Company Registration No.: 198804700N)

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

   "That the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the MCE Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) in aggregate of the total number of Scheme Shares which have been issued and may be issued by the Company pursuant to the exercise of Options under the Scheme."
   [See Explanatory Note (ii)] **(Resolution 7)**

9. Renewal of Shareholders' Mandate for Interested Person Transactions.

   That:
   (a) approval be and is given for the purpose of Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist ("Catalist Rules"), for the Company, its subsidiaries (as defined in the Companies Act, Chapter 50 of Singapore) and associated companies (as defined in the Catalist Rules) or any of them to enter into any of the transactions falling within the types of recurrent transactions, particulars of which are set out in the Appendix to this Notice of Annual General Meeting (the "Appendix") with any party who is of the class of interested persons described in the Appendix in accordance with the guidelines of the Company for recurrent transactions as set out in the Appendix;

   (b) such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the next Annual General Meeting of the Company; and

   (c) the Directors and each of them be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they or he may consider necessary, desirable or expedient to give effect to this Resolution 9.
   [See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Seah Jim Hong, Gerard
Tan Kwang Hwee, William
Secretaries

Singapore, 6 April 2011

Notice of Annual General Meeting

(Company Registration No.: 198804700N)

Explanatory Notes:

(i) Ordinary Resolution 6 proposed in item 7 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 7 proposed in item 8 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.

(iii) Ordinary Resolution 8 proposed in item 9 above, relates to the renewal of a mandate given by Shareholders on 16 September 2010 allowing the Company, its subsidiaries and associated companies (as defined in the Appendix) to enter into transactions with the interested persons (as defined in Chapter 9 of the Catalist Rules) described in the Appendix. Please refer to the Appendix to this Notice of Annual General Meeting for details.

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.

Appendix to Notice of Annual General Meeting

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Appendix to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Appendix has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Collins Stewart Pte. Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Collins Stewart Pte. Limited has not independently verified the contents of this Appendix. This Appendix has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix, including the correctness of any of the statements or opinions made, or reports contained in this Appendix.

The contact person for the Sponsor is Mr. Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.

METAL COMPONENT ENGINEERING LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198804700N)

**APPENDIX TO THE NOTICE OF ANNUAL GENERAL MEETING
IN RELATION TO THE
PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED
PERSON TRANSACTIONS**

Appendix to Notice of Annual General Meeting

CONTENTS

Appendix to Notice of Annual General Meeting

DEFINITIONS

The following definitions apply throughout this Appendix unless the context otherwise requires or otherwise stated:

"AGM" : The annual general meeting of the Company

"Articles" : The articles of association of the Company

"associate" :
(a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

(b) in relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more

"associated company" : A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and over which the Company has control

"Audit Committee" : The audit committee of the Company comprising Mr Lim Chin Tong, Mr Cheah Chow Seng and Mr Wong Chee Wai

"Cal-Comp" : Cal-Comp Electronics (Thailand) Public Company Limited

"Cal-Comp Group" : Cal-Comp, its subsidiaries and associated companies

"Catalist Rules" : The Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist

"CDP" : The Central Depository (Pte) Limited

Appendix to Notice of Annual General Meeting

"Chapter 9"	:	Chapter 9 of the Catalist Rules
"Company"	:	Metal Component Engineering Limited
"Companies Act"	:	The Companies Act, Chapter 50 of Singapore
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the Company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact exercises control over the Company
"Directors"	:	The directors of the Company as at the date of this Appendix
"EGM"	:	The extraordinary general meeting of the Company
"entity at risk"	:	A listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed company and its subsidiaries, or the listed company, its subsidiaries and its interested person(s), has control over the associated company
"Exchange" or "SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Group"	:	The Company and its subsidiaries; and in connection with the IPT Mandate, includes associated companies of the Company that are not listed on the SGX-ST or any approved exchange over which the Company and its subsidiaries, or the Company, its subsidiaries and interested persons has control
"Independent Directors"	:	The Directors who are independent of the proposed IPT Mandate for recurrent transactions, namely Mr Chua Kheng Choon, Mr Chua Han Min, Mr Tan Soo Yong, Mr Lim Chin Tong, Mr Wong Chee Wai and Mr Cheah Chow Seng
"interested person"	:	A director, chief executive officer or Controlling Shareholder of a listed company or an associate of such director, chief executive officer or Controlling Shareholder

Appendix to Notice of Annual General Meeting

"interested person transaction"	:	A transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly
"IPT Mandate"	:	The general mandate approved by Shareholders pursuant to Chapter 9 permitting any of the Company, its subsidiaries and associated companies to enter into recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations with the Cal-Comp Group
"Latest Practicable Date"	:	31 March 2011, being the latest practicable date prior to the printing of this Appendix
"NTA"	:	Net tangible assets
"recurrent transactions"	:	Recurrent interested person transactions
"Substantial Shareholder"	:	A person (including a corporation) who holds, directly or indirectly, 5% or more of the total issued share capital of the Company
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of the Company
"S$" and "cents"	:	Singapore dollars and cents, respectively
"%" or "per cent"	:	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them, respectively, in Section 130A of the Companies Act.

Words importing the singular shall, wherever applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment for the time being amended or re-enacted. Any word defined under the Companies Act or the Catalist Rules or any statutory modification thereof and used in this Appendix shall, where applicable, have the meaning ascribed to it under the Companies Act or the Catalist Rules or any modification thereof, as the case may be.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Appendix to Notice of Annual General Meeting

LETTER TO SHAREHOLDERS

METAL COMPONENT ENGINEERING LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 198804700N)

Directors:
Chua Kheng Choon
Chua Han Min
Tan Soo Yong
Lim Chin Tong
Wong Chee Wai
Cheah Chow Seng

Registered Office:
10 Ang Mo Kio Street 65
#04-02 Techpoint
Singapore 569059

1 April 2011

To: The Shareholders of Metal Component Engineering Limited

Dear Sir/Madam

<u>THE PROPOSED RENEWAL OF THE IPT MANDATE</u>

1. INTRODUCTION

The Company has issued a Notice of AGM to be held on 21 April 2011 (the "2011 AGM"). Item 9 appearing under the heading "As Special Business" in the Notice of AGM is an Ordinary Resolution (and referred to as "Resolution 8") to approve the renewal of the IPT Mandate. The purpose of this Appendix is to provide Shareholders with information relating to, and to seek their approval for, Resolution 8 at the 2011 AGM.

2. THE PROPOSED RENEWAL OF THE IPT MANDATE

The Company had, at the EGM held on 16 September 2010, sought and obtained the approval of Shareholders for the IPT Mandate. The IPT Mandate is subject to annual renewal. The IPT Mandate approved at the EGM held on 16 September 2010 will expire at the 2011 AGM. It is proposed that the IPT Mandate be tabled to Shareholders for renewal and approval at the 2011 AGM.

The rationale for the proposed renewal of the IPT Mandate and further details of the IPT Mandate, such as the review procedures implemented by the Company, its subsidiaries and associated companies to ensure that the mandated transactions with the specified classes of interested persons of the Company that are covered by the IPT Mandate are undertaken with such interested persons on an arm's length basis and on normal commercial terms, are set out in the Annexure to this Appendix.

Appendix to Notice of Annual General Meeting

The rationale of the IPT Mandate, the scope of the IPT Mandate, the benefit to Shareholders, the classes of interested persons, the particulars of the interested person transactions and the review procedures for interested person transactions in respect of which the IPT Mandate is sought to be renewed remain unchanged since the IPT Mandate was first approved at the EGM on 16 September 2010.

3. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the Shares as at the Last Practicable Date are set out below:

	Direct Interests		**Deemed Interests**	
		%		%
Directors				
Chua Kheng Choon[1]	13,389,666	7.44	3,335,000	1.85
Chua Han Min[2]	7,302,000	4.06	3,680,000	2.04
Tan Soo Yong[3]	9,177,666	5.10	718,000	0.40
Lim Chin Tong	5,554,000	3.09	-	-
Cheah Chow Seng	692,000	0.38	-	-
Wong Chee Wai	-	-	-	-
Substantial Shareholders				
Cal-Comp Electronics (Thailand) Public Company Limited	30,000,000	16.7	-	-
Chua Kheng Choon[1]	13,389,666	7.44	3,335,000	1.85
Chua Han Min[2]	7,302,000	4.06	3,680,000	2.04
Tan Soo Yong[3]	9,177,666	5.10	718,000	0.40

Notes:

1. Mr Chua Kheng Choon's deemed interest in 3,335,000 Shares is derived from Shares held in the name of his spouse.

2. Mr Chua Han Min's deemed interest in 3,680,000 Shares is derived from Shares held in the name of his spouse.

3. Mr Tan Soo Yong's deemed interest in 718,000 Shares is derived from Shares held in the name of his spouse.

4. DISCLOSURES TO SHAREHOLDERS

Disclosure will be made in the Company's annual report of the aggregate value of all interested person transactions conducted with interested persons pursuant to the IPT Mandate during the current financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues in force, in accordance with the requirements of Chapter 9. The Company will also announce the aggregate value of transactions conducted pursuant to the IPT Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report.

5. ABSTENTION FROM VOTING

In accordance with the requirements of Chapter 9 of the Catalist Rules, Cal-Comp, a Substantial Shareholder and an interested person in relation to the proposed IPT Mandate, will abstain, and has undertaken to ensure that its associates, who are also interested persons, will abstain, from voting on Resolution 9 relating to the renewal of the IPT Mandate to be proposed at the 2011 AGM, in respect of any Shares respectively held by them. Cal-Comp will also decline, and will procure its associates to decline, to accept appointment as proxy from any Shareholder to vote unless given specific instructions by the Shareholder as to how he wants his votes to be cast.

6. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee has reviewed the terms of the IPT Mandate and confirms that:

(i) the methods or procedures for determining the transaction prices under the IPT Mandate have not changed since the IPT Mandate was first approved by Shareholders on 16 September 2010; and

(ii) the methods or procedures referred to in sub-paragraph (i) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If during the periodic reviews by the Audit Committee, it is of the view that the established guidelines and procedures are no longer appropriate or adequate to ensure that the recurrent transactions subject to the IPT Mandate will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, or in the event of any amendment to Chapter 9, it will direct the Company to obtain a fresh mandate from Shareholders on new guidelines and procedures for such recurrent transactions.

7. RECOMMENDATION OF INDEPENDENT DIRECTORS

Having considered the terms of the IPT Mandate, the rationale for the IPT Mandate and the statement of Audit Committee, the Independent Directors are of the view that the IPT Mandate, as proposed to be renewed, is in the best interests of the Company. Accordingly, the Independent Directors recommend that Shareholders vote in favour of Ordinary Resolution 9 at the 2011 AGM to renew the IPT Mandate.

Appendix to Notice of Annual General Meeting

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Appendix are fair and accurate in all material respects as at the date hereof and that there are no material facts the omission of which would make any statement in this Appendix misleading.

Yours faithfully
for and on behalf of the Board of Directors of
METAL COMPONENT ENGINEERING LIMITED

Chua Kheng Choon
Chairman

Appendix to Notice of Annual General Meeting

Annexure

The Proposed Shareholders' Mandate For Interested Person Transactions

1. IPT MANDATE

1.1 Background

Chapter 9 governs transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders.

Save for transactions which are not considered to put the listed company at risk and which are therefore excluded from the ambit of Chapter 9, an immediate announcement or shareholders' approval or both would be required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds. In particular, an immediate announcement is required where:

(a) the value of a proposed transaction is equal to or exceeds 3% of the listed group's latest audited consolidated NTA; or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 3% of the listed group's latest audited consolidated NTA. The listed company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during the financial year,

The approval of shareholders (in addition to an immediate announcement) is required where:

(a) the value of a proposed transaction is equal to or exceeds 5% of the listed group's latest audited consolidated NTA; or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5% of the listed group's latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, interested person transactions below S$100,000 each are to be excluded.

Part VIII of Chapter 9 allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

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The Company is proposing the renewal of the IPT Mandate for the scope and type of recurrent transactions covered by the IPT Mandate. If approved by Shareholders, the IPT Mandate will be renewed from the date of the passing of the ordinary resolution pertaining to the renewal of the IPT Mandate to be proposed at the 2011 AGM and will, unless earlier revoked or varied by the Company in general meeting, continue in force until the next AGM. Thereafter, approval from Shareholders for renewal of the proposed IPT Mandate will be sought at each subsequent AGM.

1.2 Rationale for and Benefits of the IPT Mandate

Cal-Comp is a Controlling Shareholder within the meaning of the Catalist Rules. Any transactions between the Group and the Cal-Comp Group will constitute interested person transactions under Chapter 9. The Company envisages that the Group would in the ordinary course of business enter into transactions with the Cal-Comp Group and it is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time. The IPT Mandate will give the Company the flexibility to conduct the recurrent transactions in the ordinary course of business between the Group and the Cal-Comp Group, thereby enhancing the Group's ability to pursue business opportunities which are time-sensitive in nature.

The renewal of the IPT Mandate, if approved by the Shareholders, will eliminate the need for the Company to make announcements, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for each separate recurrent transaction. This will substantially reduce the expenses associated with the convening of general meetings on an ad-hoc basis, and allow such resources and time to be channeled towards attaining other business objectives.

The IPT Mandate is intended to facilitate transactions in the ordinary course of business of the Group which are transacted from time to time with the Cal-Comp Group, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

1.3 Class of Interested Persons

The IPT Mandate will apply to the transactions (as described in paragraph 1.4 of this Annexure) between any corporation within the Group and the Cal-Comp Group, the only class of interested persons of the Company currently proposed to be covered by the IPT Mandate.

1.4 Nature and Scope of the Recurrent Transactions

The IPT Mandate will not apply to any transaction between the Group and the Cal-Comp Group that is below S$100,000 in value, as the threshold and aggregation requirements contained in Chapter 9 would not apply to such a transaction. Transactions by the Group with the Cal-Comp Group that do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and other applicable provisions of the Catalist Rules.

The IPT Mandate will apply to (a) the manufacture and/or supply of metal components and related products by the Group to the Cal-Comp Group in the ordinary course of business and (b) the purchase of metal components and related products by the Group from the Cal-Comp Group in the ordinary course of business. Currently, certain corporations in the Cal-Comp Group are already purchasing metal components and related products from the Group. The Company envisages that corporations in the Group will continue to supply metal components and related products to corporations in the Cal-Comp Group and may in the future purchase metal components and related products from the Cal-Comp Group, especially since the Cal-Comp Group is a key customer of the Group.

Appendix to Notice of Annual General Meeting

1.5 Review Procedures for Recurrent Transactions

To ensure that the recurrent transactions between the Group and the Cal-Comp Group are carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will put in place the following guidelines for the review and approval of the recurrent transactions under the renewed IPT Mandate:

1.5.1 The following guidelines will be followed to assess whether the recurrent transactions between the Group and the Cal-Comp Group are carried out at arm's length and on normal commercial terms:

(a) when purchasing goods or obtaining services from the Cal-Comp Group, the Group will consider prevailing market conditions and where practicable or possible, at least 2 other contemporaneous purchase transactions of similar products and/or quantities will be used as comparison, to determine whether the price and terms extended to the Group are fair and reasonable and comparable to those offered to unrelated third parties for the same or substantially similar type of products and/or quantities;

(b) when selling goods or providing services to the Cal-Comp Group, the Group will consider prevailing market conditions and where practicable or possible, at least 2 other contemporaneous sale transactions of similar products and/or quantities will be used as comparison, to determine whether the price and terms offered to the Cal-Comp Group are fair and reasonable and comparable to those offered to unrelated third parties for the same or substantially similar type of products and/or quantities;

(c) it might be impracticable or impossible to obtain comparable prices of contemporaneous purchase or sale transactions of similar products due to customization of the product purchased or sold or otherwise. In such event, the transaction price and terms extended or offered will be determined in accordance with the Group's usual business practices and pricing policies, including the Group's profit margin which will not be lower than the profit margin for a similar transaction to unrelated third parties, or in accordance with industry norms (as the case may be), taking into account factors such as, but not limited to, the nature of the product, delivery schedules, order quantity, customer requirements and specifications, duration of contract, preferential rates, discounts or rebates for bulk purchases or sales and cost for freight; and

(d) the recurrent transactions will be entered into with the Cal-Comp Group on terms which are no more favourable to the Cal-Comp Group than the usual commercial terms offered by or extended to unrelated third parties, after taking into account, if applicable, factors such as (but not limited to) the prevailing market conditions, the nature of the product, delivery schedules, order quantity, customer requirements and specifications, duration of contract, preferential rates, discounts or rebates for bulk purchases or sales and cost for freight.

1.5.2 The Directors will ensure that all such dealings will be conducted on an arm's length basis by adopting and undertaking the following guidelines and procedures:

(a) market rates will be used as benchmarks for the recurrent transactions between the Group and the Cal-Comp Group;

(b) in determining the most competitive purchase or sale price (as the case may be), the suitability, quality and the cost of the product, the experience and expertise of the supplier (as the case may be), terms of payment and market conditions will be taken into consideration; and

(c) a half-yearly listing of the recurrent transactions between the Group and the Cal-Comp Group will be reviewed by the Audit Committee.

1.5.3 All recurrent transactions between the Group and the Cal-Comp Group will be subjected to the following approval procedures:

(a) any recurrent transaction between the Group and the Cal-Comp Group the value of which is **more than S$100,000 but equal to or less than S$200,000** will be reviewed and approved by the relevant general manager of the relevant Group company, or the chief financial officer of the Company (the "**Officer-in-Charge**") each of whom will have no interest in the recurrent transaction, and based on the review procedures outlined in paragraph 1.5.1 of this Annexure. The Officer-in-Charge may at his discretion obtain independent advice or valuations from external or professional sources;

(b) If the Officer-in-Charge is unable to review and approve the recurrent transaction based on the review procedures outlined in paragraph 1.5.1 of this Annexure, he will refer the approval of such recurrent transaction to any director of the Company who is not interested in the recurrent transaction;

(c) The Officer-in-Charge will compile and tabulate all the recurrent transactions entered into under this approval procedure outlining, amongst others, the basis of determining the transaction prices and the rationale for entering into the recurrent transaction and submit the same to the Audit Committee for a half-yearly review; and

(d) any recurrent transaction between the Group and the Cal-Comp Group the value of which is **more than S$200,000** will be reviewed and approved by the majority of the Audit Committee, other than members of the Audit Committee who have an interest in the recurrent transaction. The Audit Committee may at its discretion obtain independent advice or valuations from external or professional sources.

1.5.4 The Audit Committee's review process will be as follows:

(a) all recurrent transactions will be duly documented and the records thereof will be reviewed half-yearly by or at the direction of the Audit Committee and the Audit Committee will report on the same to the Directors to ensure that such transactions are carried out at arm's length and on normal commercial terms (the "**Recurrent Transaction Register**"). If a member of the Audit Committee has an interest in a recurrent transaction to be reviewed by the Audit Committee, he will abstain from making any recommendation and any decision-making in respect of that transaction and the review and approval of that transaction will be undertaken by the remaining members of the Audit Committee;

(b) the Recurrent Transaction Register will outline all the recurrent transactions entered into by the Group and will include all information pertinent to the evaluation of such recurrent transactions such as, but not limited to, the identity of the corporation in the Cal-Comp Group, the value of the recurrent transaction, the basis of determining the transaction prices and supporting evidence (where available) as to whether such recurrent transactions are conducted in line with the guidelines outlined above;

(c) Pursuant to Rule 920(1)(a)(i) of the Catalist Rules, disclosure will be made in the annual report of the Company of the aggregate value of all recurrent transactions conducted pursuant to the IPT Mandate during the financial year under review, and in the annual reports for the subsequent financial years during which the proposed IPT Mandate is in force, in the form set out in Rule 907 of the Catalist Rules; and

Appendix to Notice of Annual General Meeting

(d) Pursuant to Rule 920(1)(a)(ii) of the Catalist Rules, to announce the aggregate value of recurrent transactions conducted pursuant to the IPT Mandate for the financial periods which it is required to report on pursuant to Rule 705 of the Catalist Rules within the time required for the announcement of such report, in the form set out in Rule 907 of the Catalist Rules.

1.6 Validity period of the IPT Mandate

If renewed by Shareholders at the 2011 AGM, the IPT Mandate will take effect from the date of the passing of the ordinary resolution pertaining to the IPT Mandate to be proposed at the 2011 AGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM. Approval from Shareholders will be sought for the renewal of the IPT Mandate at the next AGM and at each subsequent AGM, subject to satisfactory review by the Audit Committee of its continued application to recurrent transactions with the Cal-Comp Group. A new general mandate from Shareholders shall be sought if the periodic reviews by the Audit Committee indicate that the existing guidelines and review procedures have become inappropriate or insufficient to ensure that the interested person transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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Proxy Form

IMPORTANT:
1. For shareholders who have used their CPF monies to buy the Shares of Metal Component Engineering Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

METAL COMPONENT ENGINEERING LIMITED

(Incorporated in the Republic of Singapore with limited liability)
(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 21 April 2011 at 9 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	**Resolutions relating to:**	**For**	**Against**
1.	Adoption of the Directors' Report and Audited Accounts for the year ended 31 December 2010.		
2.	Re-election of Mr Tan Soo Yong as a Director.		
3.	Re-election of Mr Lim Chin Tong as a Director.		
4.	Approval of Directors' fees of S$95,000 for the year ending 31 December 2011 to be paid quarterly in arrears at the end of each calendar quarter.		
5.	Re-appointment of Paul Wan & Co., a member firm of Morison International, as Auditors.		
6.	Authority to allot and issue new shares.		
7.	Authority to allot and issue shares under MCE Share Option Scheme.		
8.	Renewal of Shareholders' Mandate for Interested Person Transactions.		

(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 ___________ 2011

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.

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METAL COMPONENT ENGINEERING LIMITED

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