

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (~~%Sponsor+~~), for compliance with the Singapore Exchange Securities Trading Limited (~~%SGX-ST+~~) Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd., at 8 Robinson Road #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
PART I - INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
1 (a)(i) An income statement and statement of other comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	GROUP		+ / -
		FY2017 (Unaudited)	FY2016 (Audited)	
		S\$'000	S\$'000	%
Revenue		55,598	53,037	4.8
Other income	A	219	1,039	-78.9
Changes in inventories of finished goods and work in progress		(397)	(134)	196.3
Raw materials and consumables used		(29,943)	(28,579)	4.8
Employee benefits expense		(18,062)	(16,404)	10.1
Depreciation expense		(2,759)	(2,476)	11.4
Amortisation expense		(633)	(668)	-5.2
Other charges	B	(2,674)	(56)	NM
Finance costs		(428)	(427)	0.2
Other expenses		(9,690)	(6,922)	40.0
Loss before taxation from continuing operations		(8,769)	(1,590)	451.5
Taxation		42	26	61.5
Loss from continuing operations		(8,727)	(1,564)	458.0
Loss from discontinued operations, net of tax	C	-	(1,437)	-100.0
Loss for the year attributable to owners of the Company		(8,727)	(3,001)	190.8
Other comprehensive (loss)/income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		(153)	(820)	-81.3
Revaluation gain on land and building		6,380	-	NM
Total comprehensive loss for the year attributable to owners of the Company		(2,500)	(3,821)	-34.6

NM - Not meaningful

Explanatory notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

		FY2017 S\$'000	FY2016 S\$'000	+ / -
A)	Major items for other income from continuing operations:			
	Foreign exchange gain	-	618	
	Gain on disposal of property, plant and equipment	-	175	
	Reversal of write-down on inventories	-	2	
	Interest income	6	5	
	Government grant	153	138	
	Sundry income	60	100	
B)	Major items for other charges and expenses from continuing operations:			
	Foreign exchange loss	838	-	
	Write-down of inventories	262	-	
	Write-off of property, plant and equipment	773	-	
	Write-off of intangible assets	633	66	
	Loss on disposal of other assets	58	-	
	Bad debts written off	71	8	
	Impairment loss on other assets	39	-	
C)	Results of the discontinued operations are as follows:			
		FY2017 (Unaudited) S\$'000	FY2016 (Audited) S\$'000	+ / - %
	Revenue	-	7,284	-100.0
	Other income	-	56	-100.0
	Expenses	-	(8,777)	-100.0
	Loss from discontinued operations	-	(1,437)	-100.0
D)	Major items for other income from discontinued operations:			
	Interest income	-	1	
	Government grant	-	1	
	Electricity recharges	-	52	
	Sundry income	-	2	
E)	Major items for other expenses from discontinued operations:			
	Foreign exchange loss	-	317	
	Write-down of inventories	-	31	
	Loss on disposal of property, plant and equipment	-	30	

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 (b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	As at 31-Dec-17 (Unaudited) S\$'000	As at 31-Dec-16 (Audited) S\$'000	As at 31-Dec-17 (Unaudited) S\$'000	As at 31-Dec-16 (Audited) S\$'000
ASSETS				
Non-Current Assets:				
Property, plant and equipment	20,983	13,502	323	507
Subsidiaries	-	-	18,597	21,639
Other assets	11	138	11	138
Deferred tax assets	43	-	-	-
Intangible assets	-	1,292	-	-
	21,037	14,932	18,931	22,284
Current Assets:				
Inventories	4,852	4,231	-	2
Trade and other receivables	19,153	19,954	13,103	13,416
Cash and bank balances	5,144	8,634	1,096	3,843
	29,149	32,819	14,199	17,261
Total assets	50,186	47,751	33,130	39,545
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	21,639	21,639	21,639	21,639
Accumulated (losses)/profits	(8,356)	(514)	(4,715)	1,530
Other reserves	7,743	2,401	24	909
Total equity	21,026	23,526	16,948	24,078
Non-Current Liabilities:				
Deferred tax liabilities	2,127	-	-	-
Borrowings	1,167	812	669	357
	3,294	812	669	357
Current Liabilities:				
Trade and other payables	18,665	15,642	12,276	10,720
Borrowings	7,192	7,762	3,237	4,390
Current tax payable	9	9	-	-
	25,866	23,413	15,513	15,110
Total liabilities	29,160	24,225	16,182	15,467
Total equity and liabilities	50,186	47,751	33,130	39,545

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 (b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial year reported on with comparative figures as at the end of the immediately preceeding financial year:-

		GROUP	
		As at 31 Dec 2017	As at 31 Dec 2016
		S\$'000	S\$'000
Payable within 1 year			
	Secured	4,401	3,752
	Unsecured	2,791	4,010
		7,192	7,762
Payable after 1 year			
	Secured	669	812
	Unsecured	498	-
		1,167	812
TOTAL		8,359	8,574

Details of any collaterals

Certain borrowings are secured by pledges on certain plant and equipment, corporate guarantees as well as certain trade receivables of the Group.

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**1 (c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	GROUP	
	FY2017	FY2016
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before taxation from continuing operations	(8,769)	(1,590)
Loss before taxation from discontinued operations	-	(1,437)
Loss before taxation	(8,769)	(3,027)
Adjustments for :		
Depreciation of property, plant and equipment	2,759	3,039
Loss/(gain) on disposal of property, plant and equipment	773	(145)
Interest income	(6)	(5)
Interest expense	428	427
Impairment loss on other assets	39	-
Amortisation of intangible assets	633	668
Write-off of intangible assets	633	66
Write-down on inventories	262	29
Bad debts written off	71	8
Loss on disposal of other assets	58	-
Operating (loss)/profit before working capital changes	(3,119)	1,060
Changes in cash restricted in use	(51)	510
Changes in inventories	(893)	3,114
Changes in trade and other receivables	693	680
Changes in trade and other payables	2,985	(3,487)
Cash (used in)/generated from operations	(385)	1,877
Income tax paid	(1)	(262)
Net cash (used in)/generated from operating activities	(386)	1,615
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	532	646
Purchase of property, plant and equipment	(2,287)	(1,210)
Addition of intangible assets	-	(133)
Proceeds from disposal of other assets	30	-
Interest received	6	5
Net cash used in from investing activities	(1,719)	(692)
Cash flows from financing activities		
Proceeds from borrowings	1,249	1,899
Repayments of borrowings	(1,740)	(4,517)
Interest paid	(428)	(427)
Net cash used in financing activities	(919)	(3,045)
Net decrease in cash and cash equivalents	(3,024)	(2,122)
* Cash and cash equivalents at beginning of year	7,529	9,832
Effect of currency translation on cash and cash equivalents	20	(181)
* Cash and cash equivalents at end of year	4,525	7,529
* Cash and cash equivalents are net of bank overdraft and cash restricted in use.		
Cash and cash equivalents consist the following:		
Cash at banks and on hand	5,144	8,634
Bank overdraft	(568)	(1,105)
Fixed deposit restricted in use	(51)	-
	4,525	7,529

METAL COMPONENT ENGINEERING LIMITED
(Company Registration No. 198804700N)
FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share Capital	Accumulated profits/(losses)	Share Option Reserve	Warrant Reserve	Revaluation Reserve	Translation Reserve	Statutory Reserve	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	21,639	2,251	128	782	-	369	2,178	27,347
Total comprehensive loss for the year	-	(3,001)	-	-	-	(820)	-	(3,821)
Expiry of share options	-	1	(1)	-	-	-	-	-
Transfer from statutory reserve	-	235	-	-	-	-	(235)	-
Balance as at 31 December 2016	21,639	(514)	127	782	-	(451)	1,943	23,526
Balance as at 1 January 2017	21,639	(514)	127	782	-	(451)	1,943	23,526
Total comprehensive loss for the year	-	(8,727)	-	-	6,380	(153)	-	(2,500)
Expiry of share options	-	103	(103)	-	-	-	-	-
Expiry of warrants	-	782	-	(782)	-	-	-	-
Balance as at 31 December 2017	21,639	(8,356)	24	-	6,380	(604)	1,943	21,026

The Company	Share Capital	Accumulated profits/(losses)	Share Option Reserve	Warrant Reserve	Revaluation Reserve	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2016	21,639	7,699	128	782	-	30,248
Total comprehensive loss for the year	-	(6,170)	-	-	-	(6,170)
Expiry of share options	-	1	(1)	-	-	-
Balance as at 31 December 2016	21,639	1,530	127	782	-	24,078
Balance as at 1 January 2017	21,639	1,530	127	782	-	24,078
Total comprehensive loss for the year	-	(7,130)	-	-	-	(7,130)
Expiry of share options	-	103	(103)	-	-	-
Expiry of warrants	-	782	-	(782)	-	-
Balance as at 31 December 2017	21,639	(4,715)	24	-	-	16,948

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

- 1 (d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

a) Share capital

	No. of shares	Share capital (\$'000)
Issued share capital	374,119,000	21,639
as at 30 June 2017 and 31 December 2017		

b) Share options scheme

As at 31 December 2017, unissued shares of the Company in respect of MCE Share Option Scheme are as follows:

	Balance as at 31.12.2016	Granted during the year	Lapsed during the year	Balance as at 31.12.2017
MCE Share Option Scheme	10,010,000	-	(6,350,000)	3,660,000

c) Warrants issue

As at 31 December 2017, unissued shares of the Company in respect of warrants are as follows:

	Balance as at 31.12.2016	Exercise of Warrants during the year	Lapsed during the year	Balance as at 31.12.2017
Warrants	175,911,000	-	(175,911,000)	-

There were no treasury shares and subsidiary holdings as at 31 December 2017 and as at 31 December 2016.

Save as disclosed above, there were no other outstanding convertibles shares as at 31 December 2017 and as at 31 December 2016.

- 1 (d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	COMPANY	
	As at 31-Dec-17	As at 31-Dec-16
Number of ordinary shares in issue	374,119,000	374,119,000

- 1 (d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as the Company has no treasury shares during and as at the end of the current financial year reported on.

- 1 (d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company has no subsidiary holdings during and as at the end of the current financial year reported on.

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Save as disclosed in section 5 below, the Group and Company have applied the same accounting policies and methods of computations in the financial statements for the current financial year and is consistent with those of the most recent audited financial statements for the financial year ended 31 December 2016.

5 If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted new and revised Financial Reporting Standards which became effective for the financial year beginning on or after 1 January 2017. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ended 31 December 2017.

In addition, the Group has changed its accounting policy in respect of its land and building, from the cost model to revaluation model, to better and more accurately reflect its financial position as at 31 December 2017. The gain on revaluation of the land and building has been recognised in other comprehensive income and accumulated in equity under revaluation reserve.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	GROUP	
	FY2017	FY2016
Loss per share (Cents)		
- on weighted average number of ordinary shares	(2.33)	(0.80)
- on fully diluted basis	(2.33)	(0.80)
Loss for the year attributable to owners of the company (S\$'000)	(8,727)	(3,001)
Weighted average number of ordinary shares in issue		
- for basic loss per share	374,119,000	374,119,000
- for diluted loss per share ⁽¹⁾	374,119,000	374,119,000

Note :

(1) Share options granted under the MCE Share Option Scheme (see note (1)(d)(ii)(b)) were excluded in the diluted weighted average number of ordinary shares calculation as its effect would have been anti-dilutive.

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	GROUP		COMPANY	
	As at 31-Dec-17	As at 31-Dec-16	As at 31-Dec-17	As at 31-Dec-16
Net asset value per ordinary share based on issued share capital as at end of the year (cents)	5.62	6.29	4.53	6.44
Number of ordinary shares in issue at the end of the year ('000)	374,119	374,119	374,119	374,119

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

STATEMENT OF COMPREHENSIVE INCOME REVIEW**Continuing operations**

Revenue from continuing operations was S\$55.6 million for the financial year ended 31 December 2017 (FY2017), a slight increase of 4.8% from S\$53.0 million for the financial year ended 31 December 2016 (FY2016).

The percentage of cost of direct materials to sales remained constant at 54% for FY2017 and FY2016.

Other income was S\$0.2 million in FY2017, as compared to S\$1.0 million in FY2016. The decrease was mainly due to foreign exchange gain of S\$0.6 million and gain on disposal of plant and equipment of S\$0.2 million in FY2016, both of which did not recur in FY2017.

Percentage of employee benefits expense to sales was 32.5% for FY2017, an increase of 1.6 percentage points as compared to 30.9% in FY2016. The increase in employee benefits expense of S\$1.7 million, from S\$16.4 million in FY2016 to S\$18.1 million in FY2017 was mainly due to (i) one-time costs of S\$0.6 million incurred in respect of personnel lay-off in the Group's Shanghai operations; (ii) an increase in sales commission in line with the increase in sales; (iii) an increase in headcount for the expansion of the sales and engineering capabilities in the new product introduction (NPI), sales development, engineering program support and tooling expertise.

Percentage of depreciation expense to sales remained at 5% for FY2017 and FY2016.

Amortisation expenses were incurred in respect of the development cost for the plotter business in the Shanghai plant. In FY2017, the Group recorded amortisation expenses of S\$0.6 million (FY2016: S\$0.7 million) and write-off of intangible assets (being, amortisation charge) of S\$0.6 million (FY2016: NIL) which was recorded as other charges. The aforementioned write-off of intangible assets was a result of the closure of the Shanghai plant in FY2017.

Other charges were S\$2.7 million in FY2017, as compared to S\$56,000 in FY2016. Other charges in FY2017 relate mainly to (i) foreign exchange loss of S\$0.8 million, arising from the weakening US dollars against Singapore dollars; and (ii) one-time write-offs of S\$0.8 million for plant and machinery, intangible assets of S\$0.6 million (as discussed above) and S\$0.3 million for inventories, in respect of the closure of the nickel plating line in Suzhou and the manufacturing plant in Shanghai.

Other expenses increased by S\$2.8 million, from S\$6.9 million in FY2016 to S\$9.7 million in FY2017. This was mainly due to (i) one-time costs of S\$0.4 million to resolve the environmental issues relating to the closure of its nickel plating line in Suzhou; (ii) start-up costs of \$0.6 million for the new mechanical assembly facility in Suzhou; (iii) under-utilisation of manufacturing overheads in Shanghai plant and Suzhou plants due to lower volume.

Consequently, the Group recorded a loss from continuing operations of S\$8.7 million in FY2017, as compared to S\$1.6 million in FY2016. In summary, the Group's loss was primarily due to (i) the low demand and resultant closure of two operations, namely the nickel plating line in Suzhou and the plant in Shanghai (Qingpu) as part of the consolidation and cost saving efforts to better manage our resources; (ii) the increase in headcount for the expansion of the sales and engineering capabilities; (iii) start-up of a new mechanical assembly facility in Suzhou and (iv) foreign exchange loss arising from the weakening US dollars against Singapore dollars.

Discontinued operations

There was no discontinued operations in FY2017, as compared to a loss from discontinued operations, net of tax, of S\$1.4 million for FY2016 which was related to the Hard Disk Drive (HDD) business which had ceased in FY2016.

Overall, based on both continuing and discontinued operations, the Group recorded a loss after tax of S\$8.8 million in FY2017, as compared to a loss after tax of S\$3.0 million in FY2016.

STATEMENT OF CASH FLOWS / WORKING CAPITAL REVIEW

In FY2017, the Group recorded a net cash outflow of S\$3.0 million, as compared to a net cash outflow of \$2.1 million in FY2016. In FY2017, the Group used net cash of S\$0.4 million, S\$1.7 million and S\$0.9 million in its operating activities, investing activities and financing activities, respectively.

Net cash used in operating activities in FY2017 was S\$0.4 million, mainly due to higher of operating loss before working capital changes of S\$3.1 million and the increase in inventories of S\$0.9 million, partially offset by an increase in trade and other payables of S\$3.0 million and decrease in trade and other receivables of S\$0.7 million.

Net cash used in investing activities in FY2017 was S\$1.7 million, mainly for the purchase of plant and equipment of S\$2.3 million, partially offset by receipt of proceeds from the disposal of plant and equipment of S\$0.6 million.

Net cash used in financing activities in FY2017 was S\$0.9 million, mainly for repayment of bank loan of S\$1.7 million and interest expenses of S\$0.4 million, partially offset by proceeds from additional bank borrowings of S\$1.2 million.

Due to the above reasons, the Group's cash and bank balances decreased by S\$3.5 million, from S\$8.6 million as at 31 December 2016 to S\$5.1 million as at 31 December 2017. Bank borrowings decreased by S\$0.3 million, from S\$8.6 million as at 31 December 2016 to S\$8.3 million as at 31 December 2017. Consequently, Group's net debt increased from S\$60,000 as at 31 December 2016 to S\$3.2 million as at 31 December 2017.

As at 31 December 2017, the Group had a positive net working capital of S\$3.3 million, a decrease of S\$6.1 million from the S\$9.4 million as at 31 December 2016. Trade receivable days and trade payable days stood at 105 and 104 days respectively as at 31 December 2017, as compared to 109 and 81 days as at 31 December 2016 respectively. The decrease in trade receivables was mainly attributable to changes in sales mix and the increase in trade payable was due to an extension of credit term with certain suppliers. Inventory days increased from 31 days as at 31 December 2016 to 33 days as at 31 December 2017. Correspondingly, the Group's net working capital days decreased from 58 days to 34 days as at 31 December 2017.

In FY2017, the Group recorded a change in accounting policy by restating its leasehold property from historical cost to market valuation so as to better reflect its financial status on the stated property. The change resulted in an increase in property, plant and equipment of S\$8.5 million, from S\$13.5 million as at 31 December 2016 to S\$21.0 million as at 31 December 2017, with the resultant increase in capital reserve and deferred tax liabilities of S\$6.4 million and S\$2.1 million, respectively.

Intangible assets relate to development cost for the plotter business in the Shanghai plant. Such assets had been fully impaired in FY2017 as a result of the closure of the Shanghai plant in FY2017.

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

No forecast, or a prospect statement was previously disclosed to shareholders

10 A commentary at the date of the announcement of the competitive conditions of the industry in which the company operates and any known factors or events that may affect the company in the next reporting period and the next 12 months

The Group had undertaken significant plant consolidation over the past two years in China by reducing from three sites to one site in Suzhou. This streamlining will enable us to better manage our resources and we expect to complete our consolidation in 2018 through the disposal of our Shanghai plant.

In addition, we have increased our investment in sales and engineering capabilities to grow the new business. We continue to view China as a very strategic part of our Group's future business, especially in the growing Automotive and Mechanical assembly businesses. This China consolidation will complement the positive contributions of our Malaysia and Thailand operations. Barring unforeseen circumstances, the Group expects its business to turnaround in FY2018.

11 Dividend

(a) Current Financial Period Reported On	Nil
(b) Prior Financial Period Reported On	Nil
(c) Date Payable	Not applicable
(d) Books closure date	Not applicable

12 If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded by the Directors for FY2017.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

The Group did not obtain a general mandate from its shareholders for IPTs. There was no interested person transaction entered into by the Group with value of S\$100,000 or more during FY2017.

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information of the immediately preceding year.

For management reporting purposes, the Group is organised into business units based on their geographical locations, and has four reportable operating segments, namely Singapore, Thailand, Malaysia and China.

There are no operating segments aggregated to form the above reportable operating results. The Group's finance costs and income taxes are managed on a group basis and are not allocated to operating segments. Inter-segment pricing is determined on an arm's length basis.

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT****14 SEGMENT INFORMATION (CONTINUED)****By Geographical Areas**

	FY2017								
	Singapore	Thailand	Malaysia	China	Total Continuing Operations	Discontinued Operations	Adjustments	Note	TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
External sales	17,977	10,341	1,483	25,797	55,598	-	-		55,598
Inter-segment sales	7,401	243	11,519	3,520	22,683	-	(22,683)		-
Total revenue	25,378	10,584	13,002	29,317	78,281	-	(22,683)		55,598
(Loss)/profit before interest and taxation	(5,975)	1,755	680	(8,333)	(11,873)	-	4,563		(7,310)
Finance cost									(428)
Unallocated expenses								(i)	(1,031)
Loss before taxation									(8,769)
Taxation									42
Net loss after taxation									(8,727)
Other segment information:									
Segment assets	35,405	6,846	8,880	29,536	80,667	-	(30,481)		50,186
Segment liabilities	16,571	2,756	5,624	23,537	48,488	-	(19,328)		29,160
Non-current assets:									
Property, plant and equipment	323	1,120	2,994	8,630	13,067	-	7,916		20,983
Other segment information:									
Additions of property, plant and equipment	69	124	1,482	2,636	4,311	-	(1,211)		3,100
Depreciation of property, plant and equipment	251	583	734	1,533	3,101	-	(342)		2,759
Amortisation of intangible assets	-	-	-	633	633	-	-		633
Intangible asset written off	-	-	-	-	-	-	-		66
Impairment loss on trade and other receivables	-	-	-	71	71	-	-		71
Write-down on inventories	-	15	28	219	262	-	-		262

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
14 SEGMENT INFORMATION (CONTINUED)
By Geographical Areas

	FY2016							
	Singapore	Thailand	Malaysia	China	Total Continuing Operations	Discontinued Operations	Elimination	Note TOTAL
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External sales	9,118	10,390	1,879	31,650	53,037	7,284	-	60,321
Inter-segment sales	7,497	-	7,390	1,374	16,261	6,492	(22,753)	-
Total revenue	16,615	10,390	9,269	33,024	69,298	13,776	(22,753)	60,321
(Loss)/Profit before interest and taxation	(4,094)	2,472	40	(2,172)	(3,754)	(1,437)	4,186	(1,005)
Finance cost								(427)
Unallocated expenses								(1,595)
Loss before taxation								(3,027)
Taxation								26
Net loss after taxation								(3,001)
Other segment information:								
Segment assets	42,008	6,604	5,819	33,109	87,540	1,419	(41,208)	47,751
Segment liabilities	15,919	3,629	3,324	13,605	36,477	6,186	(18,438)	24,225
Non-current assets:								
Property, plant and equipment	507	1,787	2,066	8,551	12,911	1,514	(923)	13,502
Other segment information:								
Additions of property, plant and equipment	107	366	731	2,859	4,063	28	(2,724)	1,367
Depreciation of property, plant and equipment	340	682	581	1,178	2,781	563	(307)	3,037
(Gain)/Loss on disposal of property, plant & equipment	(200)	1	(2)	26	(175)	30	-	(145)
Write-down on inventories made/(reversed)	1	24	-	(27)	(2)	31	-	29

(i) Unallocated expenses primarily relate to directors' fees, directors' remuneration, listing expenses and other corporate related expenses.

METAL COMPONENT ENGINEERING LIMITED

(Company Registration No. 198804700N)

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**15 In view of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.**

There was a slight increase in revenue in Thailand, from S\$10.4 million in FY2016 to S\$10.6 million in FY2017. Revenue in Malaysia increased from S\$9.3 million in FY2016 to S\$13.0 million in FY2017, and revenue in Singapore increased from S\$23.8 million in FY2016 to S\$25.4 million, largely due to increases in orders for new projects in FY2017. There was a decrease in revenue in China, from S\$39.6 million in FY2016 to S\$29.3 million in FY2017, due to lower sales and closure of the plant in Shanghai.

16 SEGMENTAL REVENUE AND RESULTS FOR OPERATING SEGMENTS

	GROUP		+ / - %
	FY2017 S\$'000	FY2016⁽¹⁾ S\$'000	
Sales reported for first half (1 January to 30 June)	27,939	32,166	-13.1
Operating loss after tax before deducting minority interests reported for the first half	(5,293)	(1,820)	190.8
Sales reported for second half (1 July to 31 December)	27,659	28,155	-1.8
Operating loss after tax before deducting minority interests reported for the second half	(3,434)	(1,181)	190.8

Note :

(1) Includes discontinued operations.

17 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	FY2017	FY2016
Final, one-tier tax exempt	-	-

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

19 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

BY ORDER OF THE BOARD

Chua Kheng Choon
Chief Executive Officer
1 March 2018