

# **METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

## **ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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.

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**METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**
**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		+ / - %
		FY2018 (Unaudited)	FY2017 (Audited)	
		S\$'000	S\$'000	
Revenue		46,856	55,598	-15.7
Other income	A	309	219	41.1
Changes in inventories of finished goods and work in progress		(191)	(378)	-49.5
Raw materials and consumables used		(25,126)	(29,962)	-16.1
Employee benefits expense		(15,348)	(18,062)	-15.0
Depreciation expense		(2,571)	(2,759)	-6.8
Amortisation expense		-	(633)	-100.0
Other charges	B	(499)	(2,674)	-81.3
Finance costs		(541)	(428)	26.4
Other operating expenses		(8,389)	(9,690)	-13.4
<b>Loss before taxation</b>		<b>(5,500)</b>	<b>(8,769)</b>	<b>-37.3</b>
Taxation		44	42	4.8
<b>Loss for the year attributable to owners of the Company</b>		<b>(5,456)</b>	<b>(8,727)</b>	<b>-37.5</b>
<b>Other comprehensive (loss)/income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		41	(153)	NM
Revaluation (loss)/gain on land and buildings		(408)	6,380	NM
<b>Total comprehensive loss for the year attributable to owners of the Company</b>		<b>(5,823)</b>	<b>(2,500)</b>	<b>132.9</b>

NM - Not meaningful

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

	FY2018 S\$'000	FY2017 S\$'000
A) Major items for other income :		
Reversal of write-down on inventories	152	-
Interest income	3	6
Government grants	99	153
Sundry income	23	60
Gain on disposal of other assets	32	-
B) Major items for other charges :		
Foreign exchange loss	282	838
Write-down of inventories	-	262
Write-off of property, plant and equipment	95	773
Write-off of intangible assets	-	633
Loss on disposal of other assets	-	58
Bad debts written off	-	71
Impairment loss on other assets	-	39
Impairment losses on trade receivables	122	-

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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-18 (Unaudited) S\$'000	As at 31-Dec-17 (Audited) S\$'000	As at 31-Dec-18 (Unaudited) S\$'000	As at 31-Dec-17 (Audited) S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets:</b>				
Property, plant and equipment	20,211	20,983	157	323
Subsidiaries	-	-	17,604	18,597
Other assets	-	11	-	11
Deferred tax assets	86	43	-	-
	<b>20,297</b>	<b>21,037</b>	<b>17,761</b>	<b>18,931</b>
<b>Current Assets:</b>				
Inventories	4,223	4,852	-	-
Trade and other receivables	14,739	19,153	14,206	13,103
Cash and bank balances	2,421	5,144	435	1,096
	<b>21,383</b>	<b>29,149</b>	<b>14,641</b>	<b>14,199</b>
<b>Total assets</b>	<b>41,680</b>	<b>50,186</b>	<b>32,402</b>	<b>33,130</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	21,639	21,639	21,639	21,639
Accumulated losses	(13,809)	(8,357)	(7,540)	(4,715)
Other reserves	7,425	7,744	72	24
<b>Total equity</b>	<b>15,255</b>	<b>21,026</b>	<b>14,171</b>	<b>16,948</b>
<b>Non-Current Liabilities:</b>				
Deferred tax liabilities	1,991	2,127	-	-
Borrowings	964	1,167	534	669
	<b>2,955</b>	<b>3,294</b>	<b>534</b>	<b>669</b>
<b>Current Liabilities:</b>				
Trade and other payables	14,247	18,665	15,251	12,276
Borrowings	9,214	7,192	2,446	3,237
Current tax payable	9	9	-	-
	<b>23,470</b>	<b>25,866</b>	<b>17,697</b>	<b>15,513</b>
<b>Total liabilities</b>	<b>26,425</b>	<b>29,160</b>	<b>18,231</b>	<b>16,182</b>
<b>Total equity and liabilities</b>	<b>41,680</b>	<b>50,186</b>	<b>32,402</b>	<b>33,130</b>

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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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 preceding financial year:-

	<b>GROUP</b>	
	<b>As at 31 Dec 2018</b>	<b>As at 31 Dec 2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Payable within 1 year</b>		
Secured	7,170	4,401
Unsecured	2,044	2,791
	<b>9,214</b>	<b>7,192</b>
<b>Payable after 1 year</b>		
Secured	964	669
Unsecured	-	498
	<b>964</b>	<b>1,167</b>
<b>TOTAL</b>	<b>10,178</b>	<b>8,359</b>

**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.

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****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.**

	<b>GROUP</b>	
	<b>FY2018 (Unaudited) S\$'000</b>	<b>FY2017 (Audited) S\$'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(5,500)	(8,769)
Adjustments for :		
Depreciation of property, plant and equipment	2,571	2,759
Loss on disposal of property, plant and equipment	95	773
Interest income	(3)	(6)
Interest expense	541	428
Gain on disposal on other assets	(32)	-
Amortisation of intangible assets	-	633
Impairment loss on other assets	-	39
Impairment losses on trade receivables	122	-
Write-off of intangible assets	-	633
Equity-settled share-based payment transactions	52	-
Write-down on inventories (reversed)/made	(152)	262
Bad debts written off	-	71
Loss on disposal of other assets	-	58
<b>Operating loss before working capital changes</b>	<b>(2,306)</b>	<b>(3,119)</b>
Changes in cash restricted in use	(48)	(51)
Changes in inventories	737	(893)
Changes in trade and other receivables	4,138	693
Changes in trade and other payables	(4,569)	2,987
<b>Cash used in operations</b>	<b>(2,048)</b>	<b>(383)</b>
Income tax refunded/(paid)	1	(1)
<b>Net cash used in operating activities</b>	<b>(2,047)</b>	<b>(384)</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	112	532
Purchase of property, plant and equipment	(2,904)	(2,287)
Proceeds from disposal of other assets	43	30
Interest received	3	6
<b>Net cash used in investing activities</b>	<b>(2,746)</b>	<b>(1,719)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	4,495	11,529
Repayments of borrowings	(2,190)	(12,020)
Interest paid	(541)	(428)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,764</b>	<b>(919)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,029)</b>	<b>(3,022)</b>
* <b>Cash and cash equivalents at beginning of year</b>	<b>4,525</b>	<b>7,529</b>
<b>Effect of currency translation on cash and cash equivalents</b>	<b>745</b>	<b>18</b>
* <b>Cash and cash equivalents at end of year</b>	<b>2,241</b>	<b>4,525</b>
* 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	2,421	5,144
Bank overdraft	(81)	(568)
Fixed deposit restricted in use	(99)	(51)
	<b>2,241</b>	<b>4,525</b>

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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.

<u>The Group</u>	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
<b>Balance as at 1 January 2017</b>	21,639	(515)	127	782	-	(451)	1,944	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)	-	-	-	-
<b>Balance as at 31 December 2017</b>	21,639	(8,357)	24	-	6,380	(604)	1,944	21,026
<b>Balance as at 1 January 2018</b>	21,639	(8,357)	24	-	6,380	(604)	1,944	21,026
Total comprehensive loss for the year	-	(5,456)	-	-	(408)	41	-	(5,823)
Expiry of share options	-	4	(4)	-	-	-	-	-
Share-based payment transactions	-	-	52	-	-	-	-	52
<b>Balance as at 31 December 2018</b>	<b>21,639</b>	<b>(13,809)</b>	<b>72</b>	<b>-</b>	<b>5,972</b>	<b>(563)</b>	<b>1,944</b>	<b>15,255</b>
<u>The Company</u>	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		
<b>Balance as at 1 January 2017</b>	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)	-	-		
<b>Balance as at 31 December 2017</b>	21,639	(4,715)	24	-	-	16,948		
<b>Balance as at 1 January 2018</b>	21,639	(4,715)	24	-	-	16,948		
Total comprehensive loss for the year	-	(2,829)	-	-	-	(2,829)		
Expiry of share options	-	4	(4)	-	-	-		
Share-based payment transactions	-	-	52	-	-	52		
<b>Balance as at 31 December 2018</b>	<b>21,639</b>	<b>(7,540)</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>14,171</b>		

**METAL COMPONENT ENGINEERING LIMITED**

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

**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**

	<b>No. of shares</b>	<b>Share capital (\$'000)</b>
Issued share capital	374,119,000	21,639
as at 30 June 2018 and 31 December 2018		

**b) Share options scheme**

As at 31 December 2018, unissued shares of the Company in respect of MCE Share Option Scheme are as follows:

	<b>Balance as at 31.12.2017</b>	<b>Granted during the year</b>	<b>Lapsed during the year</b>	<b>Balance as at 31.12.2018</b>
MCE Share Option Scheme	3,660,000	11,990,000	(2,745,000)	12,905,000

Save for the above, there were no other outstanding convertibles as at 31 December 2018 and 31 December 2017.

The Company did not have any treasury shares or subsidiary holdings as at 31 December 2018 and 31 December 2017.

**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.**

	<b>COMPANY</b>	
	<b>As at 31-Dec-18</b>	<b>As at 31-Dec-17</b>
Number of ordinary shares in issue	374,119,000	374,119,000

The Company did not have any treasury shares as at 31 December 2018 and 31 December 2017.

**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**

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018****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**

Except as disclosed in paragraph 5 below regarding the adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) effective on 1 January 2018, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting year as compared to the audited financial statements as at 31 December 2017.

**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 the new financial reporting framework, SFRS(I), mandatory for Singapore-incorporated companies with equity instruments traded in a public market in Singapore for annual years beginning on or after 1 January 2018. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 First-time Adoption of International Financial Reporting Standards.

In addition to the adoption of the new framework, the Group also concurrently applied the following new SFRS(I)s, amendments to and interpretations of SFRS(I) effective from the same date:

- SFRS(I) 15 Revenue from Contracts with Customers (Amendments to SFRS(I) 15 and Clarifications to SFRS(I) 15);
- SFRS(I) 9 Financial Instruments;
- Classification and Measurement of Share-based Payment Transactions (Amendments to SFRS(I) 2);
- Transfers of Investment Property (Amendments to SFRS(I) 1-40);
- Deletion of short-term exemptions for first-time adopters (Amendments to SFRS(I) 1);
- Measuring an Associate or Joint Venture at Fair Value (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 Financial Instruments with SFRS(I) 4 Insurance Contracts (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration

There is no significant impact to the financial statements arising from the adoption of the new SFRS(I)s above.

**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**

	<b>GROUP</b>	
	<b>FY2018</b>	<b>FY2017</b>
Loss per share (Cents)		
- on weighted average number of ordinary shares	(1.46)	(2.33)
- on fully diluted basis	(1.46)	(2.33)
Loss for the year attributable to owners of the company (S\$'000)	(5,456)	(8,727)
Weighted average number of ordinary shares in issue		
- for basic loss per share	374,119,000	374,119,000
- for diluted loss per share <sup>(1)</sup>	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**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>As at 31-Dec-18</b>	<b>As at 31-Dec-17</b>	<b>As at 31-Dec-18</b>	<b>As at 31-Dec-17</b>
Net asset value per ordinary share based on issued share capital as at end of the year (cents)	4.08	5.62	3.79	4.53
Number of ordinary shares in issue at the end of the year ('000)	374,119	374,119	374,119	374,119



- 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**

The Group recorded a revenue of S\$46.8 million for the financial year ended 31 December 2018 (FY2018), a 15.7% decrease from S\$55.6 million for the financial year ended 31 December 2017 (FY2017). The decrease was mainly due to (i) the decrease in global demand for our customer products that adversely affected our sales in Singapore and China, and (ii) the closures of the plating line in Suzhou and Shanghai plant in FY2017, resulting in the absence of these sales in FY2018.

Percentage of cost of direct materials to revenue decreased from 54.0% in FY2017 to 53.8% in FY2018 mainly due to a change in sales mix.

Other income in FY2018 was at S\$0.3 million as compared to S\$0.2 million in FY2017. The increase was mainly due to the reversal of write-down on inventories of \$152,000 in FY2018 (FY2017: Nil).

Employee benefit expenses decreased by 15.0%, from S\$18.1 million in FY2017 to S\$15.3 million in FY2018 through employee benefit expenses to sales increased marginally from 32.5% in FY2017 to 32.8% in FY2018. This was attributed to the headcount reduction and pay-cut that directors and management had undertaken in the 2nd half of FY2018.

Amortisation expense for FY2017 relates to the development cost for the plotter business in the Shanghai plant. With the closure of the Shanghai plant in FY2017, there were no such expenses in FY2018.

Other charges decreased by S\$2.2 million, from S\$2.7 million in FY2017 to S\$0.5 million in FY2018. Other charges in FY2018 comprised i) foreign exchange losses of S\$0.3 million from weakening US dollars against the Singapore dollars, ii) write-down of plant and equipment of S\$0.1 million, and iii) allowance for impairment of trade receivables of S\$0.1 million. Other charges in FY2017 mainly relates to i) foreign exchange losses of S\$0.8 million arising from the weakening US dollars against the Singapore dollars, ii) write-down of inventory of S\$0.3 million, iii) write-down of plant and equipment of S\$0.8 million, and iv) write-down of intangible assets of S\$0.6 million arising from the closure of the plating line and Shanghai plant.

Finance cost increased from S\$0.4 million in FY2017 to S\$0.5 million in FY2018 due to increased borrowings.

Other operating expenses comprised mainly of electricity and water, operating lease, rental and other factory expenses, which decreased by S\$1.3 million, to S\$8.4 million in FY2018 from S\$9.7 million in FY2017. This was mainly due to (i) lower sales in FY2018 and (ii) one-time costs of S\$0.4 million incurred in FY2017 to resolve the environmental issues relating to the closure of nickle plating line in FY2017 and no such cost was incurred in FY2018.

As a result of the above, the Group recorded a loss after tax of S\$5.5 million for FY2018 as compared to a loss after tax of S\$8.7 million for FY2017.

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### FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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#### STATEMENT OF CASH FLOWS/WORKING CAPITAL & BALANCE SHEET REVIEW

In FY2018, the Group recorded a net cash outflow of S\$3.0 million, similar to the net cash outflow of \$3.0 million in FY2017. In FY2018, the Group used net cash of S\$2.0 million and S\$2.7 million in its operating activities and investing activities, respectively, and generated S\$1.8 million from financing activities.

Net cash used in operating activities in FY2018 was S\$2.0 million, mainly due to operating loss before working capital changes of S\$2.3 million, partially offset by changes in working capital of S\$0.3 million.

Net cash used in investing activities in FY2018 was S\$2.7 million, mainly for the purchase of plant and equipment of S\$2.9 million, partially offset by proceeds from disposal of property, plant and equipment of S\$0.1 million.

Net cash generated from financing activities in FY2018 was S\$1.8 million, from net proceeds from bank borrowings of S\$2.3 million, partially offset by interest paid of S\$0.5 million.

The Group's cash and bank balances decreased by S\$2.7 million, from S\$5.1 million as at 31 December 2017 to S\$2.4 million as at 31 December 2018. Bank borrowings increased by S\$1.8 million, from S\$8.4 million as at 31 December 2017 to S\$10.2 million as at 31 December 2018. Consequently, Group's net debt increased from S\$3.3 million as at 31 December 2017 to S\$7.8 million as at 31 December 2018.

As at 31 December 2018, the Group had a negative net working capital of S\$2.1 million, a decrease of S\$5.4 million from the positive working capital of S\$3.3 million as at 31 December 2017. The Company is currently exploring fund raising activities to strengthen its financial position and will make the necessary announcement in compliance with the Catalist Rules accordingly.

Trade receivable days and trade payable days stood at 90 and 93 days respectively as at 31 December 2018, as compared to 105 and 104 days as at 31 December 2017 respectively. The decrease in trade receivables turnover days and trade payable turnover days were mainly attributable to changes in sales mix. Inventory days increased from 33 days as at 31 December 2017 to 37 days as at 31 December 2018. Correspondingly, the Group's net working capital days remained at 34 days as at 31 December 2018 as compared to 31 December 2017.

In FY2018, arising from the market revaluation of its leasehold property as at 31 December 2018, there arose a decrease in leasehold property of S\$1.0 million, from S\$11.6 million as at 31 December 2017 to S\$10.6 million as at 31 December 2018, with the resultant decrease in capital reserve and deferred tax liabilities of S\$0.4 million and S\$0.1 million, respectively.

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**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 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**

While we are seeing improving sales demands from our customers in Thailand and Malaysia, we continue to be concerned about the impact of the on-going trade war on China. Against the backdrop of uncertain sales demand, the Group will continue to undertake drastic cost saving measures to better manage its resources so as to improve its financial performance and to generate positive cash flow.

In addition to working with key customers to sustain our revenue stream in the next 12 months, we will also be looking at setting new business directions in implementing growth initiatives and execute new investment strategies, which may include business diversification strategies. On 15 February 2019, the Group announced a conditional sales and purchase for a proposed acquisition (the ~~Proposed Acquisition~~) of 51% interest in Asiafame Group Limited, a company that is primarily involved in third party testing and inspection services in the PRC. The long-stop date for the Proposed Acquisition is 31 August 2019 and should all the conditions precedent be fulfilled including, but not limited to, the Company undertaking a placement of no less than S\$4 million and shareholders approval to be obtained, the Proposed Acquisition if successful, will present a good opportunity for the Group to diversify its business and revenue stream.

**11 Dividend**

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

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

No dividend has been declared/recommendeded by the Directors for FY2018 as the Company is loss making and is in a negative working capital position as at 31 Decemeber 2018.

**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 FY2018.

## **METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

### **FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

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#### **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 2018**
**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**
**14 SEGMENT INFORMATION (CONTINUED)**
**ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	FY2018						TOTAL
	Singapore	Thailand	Malaysia	China	Total Continuing Operations	Adjustments	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External sales	13,371	9,749	1,218	22,518	46,856	-	46,856
Inter-segment sales	5,875	7	8,146	4,309	18,337	(18,337)	-
<b>Total revenue</b>	<b>19,246</b>	<b>9,756</b>	<b>9,364</b>	<b>26,827</b>	<b>65,193</b>	<b>(18,337)</b>	<b>46,856</b>
(Loss)/profit before interest and taxation	(1,676)	699	88	(3,075)	(3,964)	(156)	(4,120)
Finance cost	(282)	(65)	(34)	(218)	(599)	58	(541)
Unallocated expenses						(i)	(839)
Loss before taxation							(5,500)
Taxation							44
<b>Net loss after taxation</b>							<b>(5,456)</b>
<b>Other segment information:</b>							
Segment assets	34,901	7,660	9,276	24,546	76,383	(34,703)	41,680
Segment liabilities	18,812	3,643	6,278	21,953	50,686	(24,261)	26,425
<b>Non-current assets:</b>							
Property, plant and equipment	157	2,654	2,802	7,129	12,742	7,469	20,211
<b>Other segment information:</b>							
Additions of property, plant and equipment	35	1,992	321	1,202	3,550	(646)	2,904
Depreciation of property, plant and equipment	200	490	528	1,363	2,581	(10)	2,571
(Gain)/Loss on disposal of property, plant & equipment	-	-	(178)	246	68	27	95
Gain on disposal of other assets	(32)	-	-	-	(32)	-	(32)
Write-down on inventories	-	-	37	(189)	(152)	-	(152)

14 SEGMENT INFORMATION (CONTINUED)

By Geographical Areas

	FY2017							TOTAL
	Singapore	Thailand	Malaysia	China	Total Continuing Operations	Adjustments	Note	
	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	<u>25,378</u>	<u>10,584</u>	<u>13,002</u>	<u>29,317</u>	<u>78,281</u>	<u>(22,683)</u>		<u>55,598</u>
(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								<u>(8,727)</u>
<b>Other segment information:</b>								
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
<b>Non-current assets:</b>								
Property, plant and equipment	323	1,120	2,994	8,630	13,067	7,916		20,983
<b>Other segment information:</b>								
Additions of property, plant and equipment	69	124	1,482	2,636	4,311	(1,211)		3,100
Amortisation of intangible assets	-	-	-	633	633	-		633
Depreciation of property, plant and equipment	251	734	583	1,533	3,101	(342)		2,759
(Gain)/Loss on disposal of property, plant & equipment	-	(38)	-	835	797	(23)		773
Impairment loss on other assets	39	-	-	-	39	-		39
Impairment loss on trade and other receivables made	-	-	-	71	71	-		71
Loss on disposal of other assets	58	-	-	-	58	-		58
Write-down on inventories	-	15	28	219	262	-		262
Write-off of intangible assets	-	-	-	633	633	-		633

(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 2018****15 In view of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.**

Revenue in Singapore decreased from S\$25.4 million in FY2017 to S\$19.2 million in FY2018, and revenue in Malaysia decreased from S\$13.0 million in FY2017 to S\$9.4 million, largely due to decreases in orders for new projects in FY2018. There was a slight decrease in revenue in Thailand, from S\$10.6 million in FY2017 to S\$9.8 million in FY2018. The decrease in revenue in China, from S\$29.3 million in FY2017 to S\$26.8 million in FY2018 was mainly due to lower sales and closure of the plating line and Shanghai plant.

**16 SEGMENTAL REVENUE AND RESULTS FOR OPERATING SEGMENTS**

	GROUP		+ / - %
	FY2018 S\$'000	FY2017 S\$'000	
Sales reported for first half (1 January to 30 June)	23,578	27,939	-15.6
Operating loss after tax before deducting minority interests reported for the first half	(2,698)	(5,293)	-49.0
Sales reported for second half (1 July to 31 December)	23,278	27,659	-15.8
Operating loss after tax before deducting minority interests reported for the second half	(2,758)	(3,434)	-19.7

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

	FY2018	FY2017
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 2019