

# **METAL COMPONENT ENGINEERING LIMITED**

(Company Registration No. 198804700N)

## **ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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 2016**
**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		+ / - %
		FY2016 (Unaudited)	FY2015 (Audited)	
		S\$'000	S\$'000	
Revenue		53,037	52,205	1.6
Other income	A	1,038	984	5.5
Changes in inventories of finished goods and work-in-progress		-	(99)	-100.0
Raw materials and consumables used		(28,713)	(27,996)	2.6
Employee benefits expense		(16,404)	(13,251)	23.8
Depreciation expense		(2,476)	(2,521)	-1.8
Amortisation expenses		(668)	-	NM
Other charges	B	(56)	(154)	-63.6
Financial expense		(427)	(442)	-3.4
Other expenses		(6,921)	(7,407)	-6.6
<b>(Loss)/profit before taxation from continuing operations</b>		<b>(1,590)</b>	<b>1,319</b>	NM
Taxation		26	(42)	NM
<b>(Loss)/profit from continuing operations</b>		<b>(1,564)</b>	<b>1,277</b>	NM
Loss from discontinued operations, net of tax	C	(1,437)	(743)	93.4
<b>(Loss)/profit for the year attributable to owners of the Company</b>		<b>(3,001)</b>	<b>534</b>	NM
<b>Other comprehensive (loss)/income:</b>				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences arising from consolidation		(820)	38	NM
<b>Total comprehensive (loss)/income for the year attributable to owners of the Company</b>		<b>(3,821)</b>	<b>572</b>	NM

NM - Not meaningful

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

		FY2016 S\$'000	FY2015 S\$'000	
A)	Major items for other income from continuing operations:			
	Foreign exchange gain	618	905	
	Gain on disposal of property, plant and equipment	175	2	
	Reversal of write-down on inventories	2	-	
	Interest income	5	7	
	Government grant	138	35	
	Sundry income	100	35	
B)	Major items for other charges from continuing operations:			
	Write-down of inventories	-	154	
	Write-off of intangible asset	48	-	
	Bad debts written off	8	-	
C)	<b>Results of the discontinued operations are as follows:</b>			
		<b>FY2016 (Unaudited) S\$'000</b>	<b>FY2015 (Unaudited) S\$'000</b>	<b>+ / - %</b>
	Revenue	7,284	19,192	-62.0
	Other income	56	244	-77.0
	Expenses	(8,777)	(20,179)	-56.5
	Loss from discontinued operations	<b>(1,437)</b>	<b>(743)</b>	NM
i	Major items for other income from discontinued operations:			
	Reversal of write-down on inventories	-	128	
	Interest income	1	4	
	Government grant	1	20	
	Electricity recharges	52	67	
	Sundry income	2	25	
ii	Major items for expenses from discontinued operations:			
	Foreign exchange loss	317	49	
	Write-down of inventories	31	-	
	Loss on disposal of property, plant and equipment	30	12	

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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-16 (Unaudited) S\$'000	As at 31-Dec-15 (Audited) S\$'000	As at 31-Dec-16 (Unaudited) S\$'000	As at 31-Dec-15 (Audited) S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets:</b>				
Property, plant and equipment	13,502	16,203	507	1,234
Subsidiaries	-	-	21,639	25,657
Other assets	138	138	138	138
Intangible assets	1,292	1,978	-	90
	<b>14,932</b>	<b>18,319</b>	<b>22,284</b>	<b>27,119</b>
<b>Current Assets:</b>				
Inventories	4,231	7,376	2	929
Trade and other receivables	20,012	20,655	13,416	28,411
Cash and bank balances	8,634	11,480	3,843	4,748
	<b>32,877</b>	<b>39,511</b>	<b>17,261</b>	<b>34,088</b>
<b>Total assets</b>	<b>47,809</b>	<b>57,830</b>	<b>39,545</b>	<b>61,207</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	21,639	21,639	21,639	21,639
Retained earnings	(758)	2,251	1,530	7,699
Other reserves	2,645	3,457	909	910
<b>Total equity</b>	<b>23,526</b>	<b>27,347</b>	<b>24,078</b>	<b>30,248</b>
<b>Non-Current Liabilities:</b>				
Deferred tax liabilities	-	67	-	62
Borrowings	812	611	357	611
	<b>812</b>	<b>678</b>	<b>357</b>	<b>673</b>
<b>Current Liabilities:</b>				
Trade and other payables	15,656	19,118	10,720	20,360
Borrowings	7,771	10,457	4,390	9,926
Current tax payable	44	230	-	-
	<b>23,471</b>	<b>29,805</b>	<b>15,110</b>	<b>30,286</b>
<b>Total liabilities</b>	<b>24,283</b>	<b>30,483</b>	<b>15,467</b>	<b>30,959</b>
<b>Total equity and liabilities</b>	<b>47,809</b>	<b>57,830</b>	<b>39,545</b>	<b>61,207</b>

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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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 2016</b>	<b>As at 31 Dec 2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Payable within 1 year</b>		
Secured	2,340	3,350
Unsecured	5,431	7,107
	<b>7,771</b>	<b>10,457</b>
<b>Payable after 1 year</b>		
Secured	357	611
Unsecured	455	-
	<b>812</b>	<b>611</b>
<b>TOTAL</b>	<b>8,583</b>	<b>11,068</b>

**Details of any collaterals**

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

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016****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>FY2016 (Unaudited) S\$'000</b>	<b>FY2015 (Audited) S\$'000</b>
<b>Cash flows from operating activities</b>		
(Loss)/profit before taxation from continuing operations	(1,590)	1,319
Loss before taxation from discontinued operations	(1,437)	(743)
(Loss)/profit before taxation	<u>(3,027)</u>	<u>576</u>
Adjustments for :		
Depreciation of property, plant and equipment	3,039	3,426
(Gain)/loss on disposal of property, plant and equipment	(145)	10
Interest income	(5)	(11)
Interest expense	427	442
Write-off of intangible assets	48	-
Amortisation of intangible assets	668	-
Write-down on inventories made	29	27
Reversal for impairment of trade receivables	8	-
Unrealised currency translation differences	(114)	(22)
<b>Operating profit before working capital changes</b>	<b><u>928</u></b>	<b><u>4,448</u></b>
Changes in cash restricted in use	509	(13)
Changes in inventories	3,116	245
Changes in trade and other receivables	635	4,634
Changes in trade and other payables	(3,462)	(2,079)
<b>Cash generated from operations</b>	<b><u>1,726</u></b>	<b><u>7,235</u></b>
Income tax paid	(227)	(66)
<b>Net cash generated from operating activities</b>	<b><u>1,499</u></b>	<b><u>7,169</u></b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	646	19
Purchase of property, plant and equipment	(1,209)	(1,648)
Addition of intangible assets	(115)	(1,978)
Interest received	5	11
<b>Net cash used in investing activities</b>	<b><u>(673)</u></b>	<b><u>(3,596)</u></b>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of warrants	-	58
Proceeds from borrowings	1,899	500
Repayments of borrowings	(4,509)	(2,617)
Interest paid	(427)	(442)
<b>Net cash used in financing activities</b>	<b><u>(3,037)</u></b>	<b><u>(2,501)</u></b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b><u>(2,211)</u></b>	<b><u>1,072</u></b>
* <b>Cash and cash equivalents at beginning of year</b>	<b><u>9,832</u></b>	<b><u>8,768</u></b>
<b>Effect of currency translation on cash and cash equivalents</b>	<b><u>(92)</u></b>	<b><u>(8)</u></b>
* <b>Cash and cash equivalents at end of year</b>	<b><u>7,529</u></b>	<b><u>9,832</u></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	8,634	11,480
Bank overdraft	(1,105)	(1,137)
Fixed deposit restricted in use	-	(511)
	<u>7,529</u>	<u>9,832</u>

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**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	Retained Earnings	Share Option Reserve	Warrant Reserve	Translation Reserve	Statutory Reserve	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2015</b>	21,576	1,997	128	788	330	1,898	26,717
Total comprehensive income for the year	-	534	-	-	38	-	572
Exercise of warrants	63	-	-	(5)	-	-	58
Transfer to statutory reserve	-	(280)	-	-	-	280	-
<b>Balance as at 31 December 2015</b>	21,639	2,251	128	783	368	2,178	27,347
<b>Balance as at 1 January 2016</b>	21,639	2,251	128	783	368	2,178	27,347
Total comprehensive income for the year	-	(3,001)	-	-	(820)	-	(3,821)
Expiry of share options	-	1	(1)	-	-	-	-
Transfer to statutory reserves	-	(9)	-	-	-	9	-
<b>Balance as at 31 December 2016</b>	<b>21,639</b>	<b>(758)</b>	<b>127</b>	<b>783</b>	<b>(452)</b>	<b>2,187</b>	<b>23,526</b>

<u>The Company</u>	Share Capital	Retained Earnings	Share Option Reserve	Warrant Reserve	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2015</b>	21,576	7,484	127	788	29,975
Total comprehensive income for the year	-	215	-	-	215
Exercise of warrants	63	-	-	(5)	58
<b>Balance as at 31 December 2015</b>	21,639	7,699	127	783	30,248
<b>Balance as at 1 January 2016</b>	21,639	7,699	127	783	30,248
Total comprehensive income for the year	-	(6,170)	-	-	(6,170)
Expiry of share options	-	1	(1)	-	-
<b>Balance as at 31 December 2016</b>	<b>21,639</b>	<b>1,530</b>	<b>126</b>	<b>783</b>	<b>24,078</b>

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

**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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

**a) Share capital**

	No. of shares	Share capital (\$'000)
<b>Issued share capital</b>		
As at 30 June 2016 and 31 December 2016	374,119,000	21,639

**b) Share options scheme**

As at 31 December 2016, unissued shares of the Company in respect of MCE

	Balance as at 30.06.2016	Granted during the period	Lapsed during the period	Balance as at 31.12.2016	Balance as at 31.12.2015
MCE Share Option Scheme	10,210,000	-	(200,000)	10,010,000	10,210,000

**c) Warrants issue**

As at 31 December 2016, unissued shares of the Company in respect of warrants are as follows:

	Balance as at 30.06.2016	Warrants during the period	Exercised during the period	Balance as at 31.12.2016	Balance as at 31.12.2015
Warrants	175,911,000	-	-	175,911,000	175,911,000

There were no treasury shares as at 31 December 2016 and as at 31 December 2015.

Save as disclosed above, there were no other outstanding convertibles as at 31 December 2016 and as at 31 December 2015.

**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>	
	As at 31-Dec-16	As at 31-Dec-15
Number of ordinary shares in issue	374,119,000	374,119,000

**1 (d)(iv) A statement showing all sales, transfers, disposal, 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.

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016****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 2015.

**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 2016. 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 2016.

**6 Earnings per ordinary share ("EPS") 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>FY2016</b>	<b>FY2015</b>
(Loss)/earnings per share (cents)		
- Basic	(0.80)	0.14
- Fully diluted basis	(0.80)	0.13
Net (loss)/profit attributable to shareholders (S\$'000)	(3,001)	534
Weighted average number of ordinary shares in issue		
- for basic EPS	374,119,000	373,991,071
- for diluted EPS	374,119,000	406,439,294

**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-16</b>	<b>As at 31-Dec-15</b>	<b>As at 31-Dec-16</b>	<b>As at 31-Dec-15</b>
Net asset value per ordinary share based on issued share capital as at end of the year (cents)	6.29	7.31	6.44	8.09
Number of ordinary shares in issue at the end of the year ('000)	374,119	374,119	374,119	374,119



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- 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.**

#### **Discontinued operations**

In view of the structural decline in the global Hard Disk Drive ("HDD") industry, the Group discontinued its HDD business in FY2016.

As a result, the Group's HDD business saw a 62.0% decrease in revenue from S\$19.2 million for the financial year ended 31 December 2015 ("FY2015") to S\$7.3 million for the financial year ended 31 December 2016 ("FY2016"). The Group recorded a one-off restructuring cost of S\$1.0 million. Consequently, a loss after tax of S\$1.4 million was recorded in FY2016 from the discontinued operations as compared to a loss after tax of S\$743,000 in FY2015.

#### **Continuing operations**

The Group's continuing operations currently comprise, the Precision Metal Stamping (Printer and Automotive) and the Industrial Product business segments. The following review is based on the financial performance of the continuing operations of the Group. The Group reported a revenue of S\$53.0 million for FY2016, a 1.6% increase from FY2015 where revenue was at S\$52.2 million.

The percentage of cost of direct materials to revenue increased from 53.8% in FY2015 to 54.1% in FY2016 whereas other expenses to revenue decreased from 14.2% in FY2015 to 13.0% in FY2016. Both direct material costs and other expenses as a percentage of revenue stood at 67.2%, representing a decrease of 0.8 percentage point in FY2016, from 68.0% in FY2015.

Employee benefit expenses increased by 23.8% from S\$13.3 million in FY2015 to S\$16.4 million in FY2016 mainly due to a start-up in the Industrial Product business segments in China and expanded operations in Thailand and Suzhou. This start-up had also incurred an amortisation expense of S\$668,000 (FY2015: NIL). Depreciation expenses decreased by 1.8% as compared to FY2015, which is in line with the decrease in property, plant and equipment in FY2016.

Other charges stood at S\$56,000 in FY2016 mainly attributable to the write off of intangible asset of S\$48,000 and bad debts of S\$8,000, as compared to S\$154,000 in FY2015 that was due to the write-down of inventories.

Other income amounted to S\$1.0 million in FY2016 mainly due to the foreign exchange gain, gain on disposal of machinery and receipt of a government grant, as compared to S\$984,000 in FY2015 that arose mainly from foreign exchange gain.

Finance expense decreased marginally by 3.4% to S\$427,000 in FY2016, as compared to S\$442,000 in FY2015.

As a result of the above, at the continuing operations level, the Group recorded a loss after tax of S\$1.6 million in FY2016 as compared to a profit after tax of S\$1.3 million in FY2015.

Overall, the Group recorded a loss after tax of S\$3.0 million in FY2016 as compared to a profit after tax of S\$534,000 in FY2015.

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#### STATEMENT OF CASH FLOWS / WORKING CAPITAL REVIEW

The Group's cash and bank balances saw a decrease of S\$2.9 million, from S\$11.5 million as at 31 December 2015 to S\$8.6 million as at 31 December 2016. The Group's borrowings also saw a decrease of S\$2.5 million, from S\$11.1 million as at 31 December 2015 to S\$8.6 million as at 31 December 2016. Consequently, the Group's net cash decreased by S\$361,000 to S\$51,000 as at 31 December 2016.

In FY2016, the Group generate cash of S\$1.5 million from operating activities, while S\$3.0 million and S\$673,000 were used in financing activities and investing activities, respectively.

Net cash generated from operating activities was mainly attributable to the operating profit before working capital changes of S\$928,000, a decrease in working capital of S\$289,000, release of bank deposit restricted in use of S\$509,000 and income tax paid of S\$227,000.

Net cash used in investing activities mainly relates to purchase of property, plant and equipment of S\$1.2 million, as well as capitalisation of the development costs incurred for the design, testing and construction of a new product of S\$115,000. This was partially offset by the proceeds from the disposal of property, plant and equipment of S\$646,000.

Net cash used in financing activities was mainly attributed to the repayment of borrowings of S\$4.5 million and payment of interest expense of S\$427,000. This was partially offset by the proceeds from borrowings of S\$1.9 million.

Current ratio as at 31 December 2016 stood at 1.40 time, a marginal increase from 1.33 time as at 31 December 2015.

Debt-equity ratio (computed based on total liabilities divided by total equity) decreased from 1.11 time as at 31 December 2015 to 1.03 time as at 31 December 2016.

As at 31 December 2016, the Group had a positive net working capital of S\$9.4 million, a decrease of S\$300,000 from S\$9.7 million as at 31 December 2015. Trade receivable days and trade payable days stood at 109 and 81 days respectively as at 31 December 2016, compared to 96 and 83 days as at 31 December 2015 respectively. The increase in trade receivable days was mainly attributable to new customers in China with longer trading terms. Inventory days decreased from 45 days as at 31 December 2015 to 31 days as at 31 December 2016 mainly due to the cessation of HDD business. Consequently, the Group's net working capital days increased marginally from 58 to 59 days as at 31 December 2016 and this was mainly attributed to the changes in sales mix and business segments.

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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**

The Company had perviously announced a profit guidance on 6 February 2017. No variance was noted and save for the aforementioned announcement, no forecast or prospect statement was previously disclosed.

**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**

With the discontinuation of the HDD business in China, new wins from new/existing customer accounts, an improved sales pipeline and further assets consolidation, the Group is confident that it has mitigated the adverse impact of the closure of the HDD business. It expects to see an improvement in the performance of its Precision Metal Stamping business segment (Printer and Automotive) while the Industrial Product business segment continues to improve its engineering capability and production capacity for mid to long term growth.

**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/recommended by the Directors for FY2016.

**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 FY2016.

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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.

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**FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016****PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT****14 SEGMENT INFORMATION (CONTINUED)****By Geographical Areas**

	FY2016						
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Eliminations S\$'000	Note	TOTAL S\$'000
External sales	16,317	10,390	1,879	31,735	-		60,321
Inter-segment sales	7,497	-	7,390	7,866	(22,753)		-
Total revenue	<u>23,814</u>	<u>10,390</u>	<u>9,269</u>	<u>39,601</u>	<u>(22,753)</u>		<u>60,321</u>
Profit before interest and taxation	(4,094)	2,472	40	(3,608)	4,186		(1,004)
Finance cost							(427)
Unallocated expenses						(i)	(1,596)
Profit before taxation							<u>(3,027)</u>
Taxation							26
Net profit after taxation							<u>(3,001)</u>

**Other segment information:**

Segment assets	42,008	6,604	5,863	34,542	(41,208)		47,809
Segment liabilities	15,919	3,629	3,368	19,805	(18,438)		24,283

**Non-current assets:**

Property, plant and equipment	507	1,787	2,066	10,065	(923)		13,502
Other assets	138	-	-	-	-		138
Intangible asset	-	-	-	1,292	-		1,292

**Other segment information:**

Additions of property, plant and equipment	107	366	731	2,887	(2,724)		1,367
Depreciation of property, plant and equipment	340	682	581	1,741	(305)		3,039
Amortisation of intangible assets	24	-	-	644	-		668
(Gain)/Loss on disposal of property, plant & equipment	(200)	1	(2)	56	-		(145)
Intangible asset written off	48	-	-	-	-		48
Impairment loss on trade and other receivables made/(reversed)	-	-	5	3	-		8
Write-down on inventories made/(reversed)	1	24	-	4	-		29

**METAL COMPONENT ENGINEERING LIMITED**

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

	FY2015						
	Singapore S\$'000	Thailand S\$'000	Malaysia S\$'000	China S\$'000	Eliminations S\$'000	Note	TOTAL S\$'000
External sales	30,476	7,057	2,985	30,879	-		71,397
Inter-segment sales	15,836	20	8,791	25,056	(49,703)		-
<b>Total revenue</b>	<b>46,312</b>	<b>7,077</b>	<b>11,776</b>	<b>55,935</b>	<b>(49,703)</b>		<b>71,397</b>
Profit before interest and taxation	2,926	(198)	190	(614)	169		2,473
Finance cost							(442)
Unallocated expenses						(i)	(1,455)
Profit before taxation							576
Taxation							(42)
<b>Net profit after taxation</b>							<b>534</b>

**Other segment information:**

Segment assets	65,664	5,696	15,247	43,408	(72,185)		57,830
Segment liabilities	33,604	5,242	12,712	24,146	(45,220)		30,484

**Non-current assets:**

Property, plant and equipment	1,234	1,977	1,962	12,015	(985)		16,203
Other assets	138	-	-	-	-		138
Intangible asset	90	-	-	1,888	-		1,978

**Other segment information:**

Additions of property, plant and equipment	30	37	861	1,177	(18)		2,087
Depreciation of property, plant and equipment	483	688	450	2,090	(285)		3,426
(Gain)/Loss on disposal of property, plant & equipment	(8)	-	-	18	-		10
Write-down on inventories made/(reversed)	(21)	-	41	7	-		27

(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 2016****15 In view of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.**

The increases in revenue for Thailand from S\$7.1 million in FY2015 to S\$10.4 million in FY2016 was mainly due to increase in orders from new projects in FY2016. The decrease in revenue for China from S\$55.9 million in FY2015 to S\$39.6 million in FY2016 and Singapore from S\$46.3 million in FY2015 to S\$23.8 million in FY2016 was mainly due to the discontinued HDD business. The decrease in revenue for Malaysia from S\$11.8 million in FY2015 to S\$9.3 million in FY2016 was due to the end of life of a major project.

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

	GROUP		+ / - %
	FY2016 S\$'000	FY2015 S\$'000	
Sales reported for first half (1 January to 30 June)	32,166	37,016	-13.1
Operating profit/(loss) after tax before deducting minority interests reported for the first half	(1,820)	475	NM
Sales reported for second half (1 July to 31 December)	28,155	34,381	-18.1
Operating profit/(loss) after tax before deducting minority interests reported for the second half	(1,181)	59	NM

\* 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.**

	FY2016	FY2015
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  
28 February 2017