



**MUN SIONG ENGINEERING LIMITED**

**FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND  
ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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**FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013**

**1(a)(i) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	Qtr ended 31 Dec		Change	Year ended 31 Dec		Change
	2013	2012		2013	2012	
	("4Q2013")	("4Q2012")	("FY2013")	("FY2012")		
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	21,292	18,977	12.2	81,822	73,081	12.0
Cost of sales	(16,761)	(16,325)	2.7	(72,352)	(66,421)	8.9
Gross profit	4,531	2,652	70.9	9,470	6,660	42.2
Other income	337	368	(8.4)	908	1,105	(17.8)
Administrative expenses	(1,808)	(1,459)	23.9	(6,884)	(6,546)	5.2
Other operating (expenses) / income	(1)	21	NM	12	(4)	NM
<b>Results from operating activities</b>	<b>3,059</b>	<b>1,582</b>	<b>93.4</b>	<b>3,506</b>	<b>1,215</b>	<b>188.6</b>
Finance costs	(10)	(7)	42.9	(40)	(21)	90.5
Share of results (net of tax) of jointly controlled entity	-	6	NM	(2)	6	NM
<b>Profit before income tax</b>	<b>3,049</b>	<b>1,581</b>	<b>92.9</b>	<b>3,464</b>	<b>1,200</b>	<b>188.7</b>
Income tax (expense) / credit	(372)	176	NM	(374)	212	NM
<b>Profit after income tax</b>	<b>2,677</b>	<b>1,757</b>	<b>52.4</b>	<b>3,090</b>	<b>1,412</b>	<b>118.8</b>
<b>Other comprehensive income:</b>						
Foreign currency translation difference from foreign operation	(10)	-	NM	(10)	-	NM
<b>Total comprehensive income</b>	<b>2,667</b>	<b>1,757</b>	<b>51.8</b>	<b>3,080</b>	<b>1,412</b>	<b>118.1</b>
<b>Profit attributable to:</b>						
Owners of the Company	2,677	1,665	60.8	3,090	1,365	126.4
Non-controlling interest	-	92	NM	-	47	NM
	<b>2,677</b>	<b>1,757</b>		<b>3,090</b>	<b>1,412</b>	
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	2,667	1,665	60.2	3,080	1,365	125.6
Non-controlling interest	-	92	NM	-	47	NM
	<b>2,667</b>	<b>1,757</b>		<b>3,080</b>	<b>1,412</b>	

NM: Not meaningful

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**1(a)(ii) The statement of comprehensive income is arrived at after charging/(crediting) the following:**

	<b>Group</b>		<b>Group</b>	
	Qtr ended 31 Dec		Year ended 31 Dec	
	2013 ("4Q2013") \$'000	2012 ("4Q2012") \$'000	2013 ("FY2013") \$'000	2012 ("FY2012") \$'000
Depreciation of property, plant and equipment	795	806	3,256	2,877
Amortisation expenses	38	-	149	-
Loss/(Profit) on disposal of property, plant and equipment	4	(2)	(63)	(105)
Interest income	(8)	(8)	(70)	(63)
Interest on borrowings	10	6	40	20
Change in fair value of investment properties	(80)	(260)	(80)	(260)
Property, plant and equipment written off	-	1	-	2
Net foreign exchange loss/(gain)	1	(17)	(12)	(3)


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

	Group			Company		
	31 Dec'13 \$'000	31 Dec'12 \$'000	Change %	31 Dec'13 \$'000	31 Dec'12 \$'000	Change %
<b>Non-current assets</b>						
Property, plant and equipment	18,414	20,000	(7.9)	17,375	19,483	(10.8)
Intangible asset	1,338	-	NM	1,338	-	NM
Goodwill on consolidation	1,636	1,636	-	-	-	NM
Investment properties	1,620	1,540	5.2	1,310	1,220	7.4
Subsidiaries	-	-	NM	4,046	3,446	17.4
Jointly controlled entity	16	18	(11.1)	16	18	(11.1)
Deferred tax asset	228	226	0.9	-	-	NM
<b>Total non-current assets</b>	<b>23,252</b>	<b>23,420</b>		<b>24,085</b>	<b>24,167</b>	
<b>Current assets</b>						
Inventories	5,960	8,523	(30.1)	1,831	5,936	(69.2)
Trade and other receivables	21,046	18,408	14.3	21,586	16,188	33.3
Income tax recoverable	-	98	NM	-	98	NM
Cash and cash equivalents	17,222	12,442	38.4	8,592	6,757	27.2
<b>Total current assets</b>	<b>44,228</b>	<b>39,471</b>		<b>32,009</b>	<b>28,979</b>	
<b>Total assets</b>	<b>67,480</b>	<b>62,891</b>		<b>56,094</b>	<b>53,146</b>	
<b>Equity attributable to equity holders of the Company</b>						
Share capital	24,528	24,528	-	24,528	24,528	-
Translation reserves	(10)	-	NM	-	-	NM
Accumulated profits	25,902	23,437	10.5	16,797	12,878	30.4
<b>Total equity attributable to owners of the Company</b>	<b>50,420</b>	<b>47,965</b>		<b>41,325</b>	<b>37,406</b>	
Non-controlling interest	-	500	NM	-	-	NM
<b>Total equity</b>	<b>50,420</b>	<b>48,465</b>		<b>41,325</b>	<b>37,406</b>	
<b>Non-current liabilities</b>						
Loans and borrowings	1,491	2,286	(34.8)	1,491	2,285	(34.7)
Deferred tax liabilities	1,458	1,259	15.8	1,411	1,216	16.0
<b>Total non-current liabilities</b>	<b>2,949</b>	<b>3,545</b>		<b>2,902</b>	<b>3,501</b>	
<b>Current liabilities</b>						
Trade and other payables	12,990	9,807	32.5	11,073	11,445	(3.3)
Loans and borrowings	794	889	(10.7)	794	794	-
Current tax payable	327	185	76.8	-	-	NM
<b>Total current liabilities</b>	<b>14,111</b>	<b>10,881</b>		<b>11,867</b>	<b>12,239</b>	
<b>Total liabilities</b>	<b>17,060</b>	<b>14,426</b>		<b>14,769</b>	<b>15,740</b>	
<b>Total equity and liabilities</b>	<b>67,480</b>	<b>62,891</b>		<b>56,094</b>	<b>53,146</b>	

NM: Not meaningful

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**1(b)(ii) Aggregate amount of Group's borrowings and debt securities*****Amount repayable in one year or less, or on demand***

31 Dec 2013		31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
794	-	800	89

***Amount repayable after one year***

31 Dec 2013		31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,491	-	2,286	-

**Details of any collateral**

The borrowings were secured against three units of all-terrain cranes and a forklift under hire-purchase facilities.




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**1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	4Q2013	4Q2012	FY2013	FY2012
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	3,049	1,581	3,464	1,200
Adjustments for:				
Depreciation of property, plant and equipment	795	806	3,256	2,877
Interest expense	10	6	40	20
Amortisation of Intangible assets	38	-	149	-
Net changes in fair value of investment properties	(80)	(260)	(80)	(260)
Property, plant and equipment written off	-	1	-	2
Interest income	(8)	(8)	(70)	(63)
Net loss/(gain) on disposal of property, plant and equipment	4	(2)	(63)	(105)
Share of (gain)/loss in jointly controlled entity	-	(16)	2	(6)
Operating cash flow before working capital changes	3,808	2,108	6,698	3,665
Change in inventories	3,714	(1,258)	2,605	(6,716)
Change in trade and other receivables	(4,452)	6,563	(2,653)	(1,263)
Change in trade and other payables	2,690	(3,128)	3,182	(723)
Cash generated from operating activities	5,760	4,285	9,832	(5,037)
Tax credit received	10	-	108	-
Income tax paid	(11)	(69)	(30)	(775)
<b>Net cash generated from/(used in) operating activities</b>	<b>5,759</b>	<b>4,216</b>	<b>9,910</b>	<b>(5,812)</b>
<b>Cash flows from investing activities</b>				
Interest received	8	8	70	63
Proceeds from disposal of property, plant and equipment	6	2	115	204
Acquisition of property, plant and equipment	(950)	(576)	(1,765)	(3,836)
Proceeds from disposal of investment property	-	-	-	1,800
Acquisition of intangible asset	-	-	(1,486)	-
Acquisition of additional shares in a subsidiary	-	-	(500)	-
<b>Net cash used in investing activities</b>	<b>(936)</b>	<b>(566)</b>	<b>(3,566)</b>	<b>(1,769)</b>
<b>Cash flows from financing activities</b>				
Payment of finance lease liabilities	(198)	-	(794)	-
Dividend paid in respect of previous year	-	-	(625)	(2,500)
Repayments of borrowings	(3)	(300)	(95)	(863)
Interest paid	(10)	(6)	(40)	(20)
<b>Net cash used in financing activities</b>	<b>(211)</b>	<b>(306)</b>	<b>(1,554)</b>	<b>(3,383)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>4,612</b>	<b>3,344</b>	<b>4,790</b>	<b>(10,964)</b>
Cash and cash equivalents at beginning of period	12,620	9,098	12,442	23,406
Effect of exchange rate fluctuations on cash held	(10)	-	(10)	-
<b>Cash and cash equivalents at end of period</b>	<b>17,222</b>	<b>12,442</b>	<b>17,222</b>	<b>12,442</b>



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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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share capital \$'000	Accumulated profits \$'000	Translation reserves \$'000	Total \$'000	Non-controlling interest \$'000	Total equity \$'000
<b>The Group</b>						
At 1 January 2013	24,528	23,437	-	47,965	500	48,465
<b>Total comprehensive income for the year</b>						
Profit for the year	-	3,090	-	3,090	-	3,090
Other comprehensive income for the year:-						
Foreign currency translation difference from foreign operation	-		(10)	(10)	-	(10)
Total comprehensive income for the year	-	3,090	(10)	3,080	-	3,080
<b>Transactions with owners, recorded directly in equity</b>						
Additional investment in subsidiary	-	-	-	-	(500)	(500)
<b>Contributions by and distributions to owners</b>						
Dividend	-	(625)	-	(625)	-	(625)
<b>At 31 December 2013</b>	<b>24,528</b>	<b>25,902</b>	<b>(10)</b>	<b>50,420</b>	<b>-</b>	<b>50,420</b>
At 1 January 2012	24,528	24,572	-	49,100	453	49,553
<b>Total comprehensive income for the year</b>						
Total comprehensive income for the year	-	1,365	-	1,365	47	1,412
<b>Contributions by and distributions to owners</b>						
Dividend	-	(2,500)	-	(2,500)	-	(2,500)
<b>At 31 December 2012</b>	<b>24,528</b>	<b>23,437</b>	<b>-</b>	<b>47,965</b>	<b>500</b>	<b>48,465</b>

	Share capital \$'000	Accumulated profits \$'000	Total \$'000
<b>The Company</b>			
At 1 January 2013	24,528	12,878	37,406
<b>Total comprehensive income for the year</b>			
Profit/total comprehensive income for the year	-	4,544	4,544
<b>Contributions by and distributions to owners</b>			
Dividend	-	(625)	(625)
<b>At 31 December 2013</b>	<b>24,528</b>	<b>16,797</b>	<b>41,325</b>
At 1 January 2012	24,528	15,388	39,916
<b>Total comprehensive income for the year</b>			
Profit/total comprehensive income for the year	-	(10)	(10)
<b>Contributions by and distributions to owners</b>			
Dividend	-	(2,500)	(2,500)
<b>At 31 December 2012</b>	<b>24,528</b>	<b>12,878</b>	<b>37,406</b>



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**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 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.**

Not applicable. There were no changes in the Company's share capital since the end of the previous financial year.

**1 (d)(iii) 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.**

	As at 31 Dec 2013	As at 31 Dec 2012
	'000	'000
Total number of shares	416,708	416,708
Less: Treasury shares	Nil	Nil
Total number of issued shares excluding treasury shares	416,708	416,708

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

Not applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements 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 a 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.**

The Group has adopted the following new and revised Financial Reporting Standard (FRS) which came into effect on or after 1 January 2013:

- FRS 19 Employee Benefits (Revised 2011)
- FRS 110 Consolidated Financial Statements
- FRS 113 Fair Value Measurement
- Amendments to FRS 107 Offsetting financial assets and financial liabilities

The adoption of this revised standard did not have any material effect on the financial performance or position of the Group and the Company. Other than those FRS mentioned above, there were no changes in accounting policies and methods of computation adopted in financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 31 December 2012.

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5. **If there are 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 adoption of the new and revised FRS and interpretation to FRS is assessed and it has no material impact on the results of the Group and of the Company for the financial year ended 31 December 2013.

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

	Group		Group	
	4Q2013	4Q2012	FY2013	FY2012
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.64	0.40	0.74	0.33
- on fully diluted basis (cents)	0.64	0.40	0.74	0.33
Weighted average number of shares in issue during the period used in computing EPS	416,708,000	416,708,000	416,708,000	416,708,000

There were no dilutive potential ordinary shares for the current and previous periods.

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 financial period reported on; and  
(b) immediately preceding financial year**

	Group		Company	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	12.10	11.63	9.92	8.98
Number of shares (issued and issuable) used in computing net asset value per ordinary share	416,708,000	416,708,000	416,708,000	416,708,000



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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 financial period reported on.***

***Notes to the statement of comprehensive income***

(i) Revenue, cost of sales and gross profit

For the year under review, the Group's main revenue generators (Mechanical and Electrical Engineering) experienced strong growth. The Group has been able to successfully harness strong revenue improvement to enhance its profitability in both the gross and net margins.

Revenue for the current quarter ("4Q2013") and the full year ("FY2013") both grew by 12.2% and 12.0% respectively as compared with the respective corresponding periods in prior year ("4Q2012" and "FY2012"). The increase in revenue for 4Q2013 arose from recognition of revenue from a higher volume of works undertaken.

Gross margin for FY2013 was 11.6%. This is an improvement from 9.1% in FY2012. Similarly gross margin in 4Q2013 saw improvement from 4Q2012, from 14.0% to 21.3% respectively. The substantial improvement in profit margins was attributed to additional work done, stringent cost management and gains arising from improvement in productivity.

Other income is lower by 17.8% in FY2013 mainly due to the lower gain in fair value on the investment properties.

(ii) Administrative expenses

Administrative expenses for FY2013 were 5.2% higher as compared with previous year with the inclusion of amortisation expense for an intangible asset (licensing rights), higher land rental following a revision of the rate by Jurong Town Corporation.

(iii) Other operating income/ (expenses)

Other operating income/(expenses) related to mainly to gain/(loss) arising from foreign exchange transactions.

(iv) Finance expenses

The increase in finance costs in FY2013 was attributed to interest expense arising from hire purchase of equipment which was acquired in December 2012. During FY2013, the Group has fully repaid its term loan outstanding.

(v) Income tax expense

Income tax expense increased with the higher profit before tax of S\$3,463K recorded for FY2013 as compared with the profit before tax of S\$1,200K recorded in FY2012. Included in the current year tax expense is a write back \$165K as the Group has applied group relief to transfer tax loss and unutilized capital allowance among its subsidiaries.



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The write-back of the income tax expense in the previous year was due to the tax credit recognised on the unutilized tax losses in the newly acquired subsidiary, Wing Wah Industrial Services Pte Ltd ("WWIS"), following the waiver of the shareholders' test granted by IRAS.

### ***Notes to statements of financial position***

#### ***Group and Company***

(i) Intangible Asset

The increase was due to the acquisition of the exclusive licencing rights for the provision of specialised coating services and methodology in Singapore and Malaysia.

(ii) Investment in Subsidiaries

The Group further increased its interest in WWIS from 80.0 per cent to 100.0 per cent during the financial year. Also during the year under review, the Group incorporated two wholly-owned subsidiaries, Pegasus Advance Engineering Pte Ltd and Mun Siong Engineering Sdn Bhd.

(iii) Deferred Tax Asset

The increase was mainly due to the recognition of the deferred tax asset arising from the loss in a subsidiary.

(iv) Inventories

The decrease in inventories was mainly due to lower volume of contract work-in-progress from projects which are recognised according to percentage of completion.

(v) Trade and other receivables

Trade and other receivables increased mainly due to billings on jobs completed during the current quarter.

(vi) Loans and borrowings

The decrease in loans and borrowings was mainly due to the repayment of hire purchase instalments and the redemption of the term loan in FY2013.

(vii) Deferred Tax Liabilities

The increase in deferred tax liabilities was mainly due to the recognition of the temporary timing differences arising from the claim on capital allowances on qualifying assets.

### ***Notes to cash flow statement***

For FY2013, the Group experienced positive net operating cash flows of S\$9.9 million. This is in contrast to a negative cash flow of S\$5.8 million in FY2012. The strong positive cash flows is attributed to an increase in profitability from the Group's operations. For the period January 2013 to September 2013, the Group generated a positive net operating cash flow of S\$4.1 million.

Accordingly, the Group's cash balance as at 31 December 2013 was S\$17.2 million, an improvement of S\$4.8 million from S\$12.4 million as at 31 December 2012.



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This is after taking into consideration major cash outlays such as S\$1.8 million invested to acquire plant and equipment to further enhance the Group's capabilities and productivity, \$1.5 million paid for the acquisition of an intangible asset, S\$0.5 million to acquire the remaining interests in a subsidiary, payment of S\$0.6 million of dividends declared in respect of the previous financial year and the repayment of S\$0.9 million of its borrowings outstanding.

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

No forecast was previously provided.

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

The Group's management expects the challenges in 2013 to continue into 2014.

The government's policies introduced in late 2012 towards the restriction on employment of foreign labour, which affects the supply and cost of employing foreign labour, continues to weigh negatively on the Group's cost structure. Labour cost is a key component of the Group's cost of sales.

Beside this, the Group's management expects profit margin to continue to be under pressure. This is due to competitors and the new entrants into the market and pressure from clients.

Volatility in the market prices of end product may result in our clients deferring or cancelling some or all of its expansion or upgrading projects.

To meet these challenges, the Group will continue to reinvest in capital equipment that would improve productivity and minimize the usage of labour, widen the scope of its offering to clients (in 2013 the Group established its own scaffolding operations and commence the provision of specialised coating services for pipes under exclusive licensing for clients in Singapore and Malaysia) and look into the possibilities of re-locating some of its more labour intensive operations to neighboring countries (for example Malaysia).

The Group's management will continue to adopt a stringent evaluation process when bidding for new projects. This is to ensure that the Group's limited resources (especially labour) is allocated to maximize profitability.

As at the date of this announcement, the Group's outstanding order book stands at S\$28.5 million.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? **Yes.**

Proposed final dividend and special dividend as follow:

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	FY2013	
Name of dividend	Final	Special
Dividend type	Cash	Cash
Amount	0.15 cent per ordinary share	0.09 cent per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

	FY2012
Name of dividend	Final
Dividend type	Cash
Amount	0.15 cent per ordinary share
Tax rate	Tax exempt (one-tier)

**(c) Date payable**

To be announced later. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

**(d) Books closure date**

To be announced later. The proposed dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting.

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

Not applicable.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediate preceding year.**



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**FY2013**

<b>(Amount in \$'000)</b>	<b>Mechanical engineering</b>	<b>Ancillary services</b>	<b>Total</b>
External revenue	67,622	14,200	81,822
Inter-segment revenue	-	2,592	2,592
<b>Total revenue</b>	<b>67,622</b>	<b>16,792</b>	<b>84,414</b>
Interest income	39	31	70
Interest expense	38	2	40
Depreciation	3,022	234	3,256
Reportable segment profit before income tax	746	2,718	3,464
Reportable segment assets	50,571	15,313	65,884
Capital expenditure	980	785	1,765
Reportable segment liabilities	13,358	3,582	16,940

**FY2012**

<b>(Amount in \$'000)</b>	<b>Mechanical engineering</b>	<b>Ancillary services</b>	<b>Total</b>
External revenue	64,306	8,775	73,081
Inter-segment revenue	-	4,087	4,087
<b>Total revenue</b>	<b>64,306</b>	<b>12,862</b>	<b>77,168</b>
Interest income	28	35	63
Interest expense	4	16	20
Depreciation	2,601	276	2,877
Reportable segment profit before income tax	(69)	1,418	1,349
Reportable segment assets	48,365	13,803	62,168
Capital expenditure	6,793	369	7,162
Reportable segment liabilities	14,524	1,121	15,645

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**Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items**

	FY2013	FY2012
(Amount in \$'000)		
<b>Revenue</b>		
Total revenues for reportable segments	84,416	77,168
Elimination of inter-segment revenue	(2,594)	(4,087)
Consolidated revenue	<u>81,822</u>	<u>73,081</u>
<b>Profit or loss</b>		
Total profit or loss for reportable segments	3,464	1,349
Elimination of intersegment income	-	(149)
Consolidated profit before income tax	<u>3,464</u>	<u>1,200</u>
<b>Assets</b>		
Total assets for reportable segments	65,884	62,168
Elimination of inter-segment assets	(1,677)	(2,663)
Other unallocated assets	3,273	3,386
Consolidated total assets	<u>67,480</u>	<u>62,891</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	16,940	15,645
Other liabilities	1,785	1,444
Elimination of inter-segment liabilities	(1,665)	(2,663)
Consolidated total liabilities	<u>17,060</u>	<u>14,426</u>

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

Revenue from the mechanical engineering segment was boosted by further recognition of revenue from the completion of projects that commenced mainly in the the prior year. Gross margin has improved with stringent cost control and tight management and workflow restructuring during the year.

Revenue from the ancillary services on the other hand has increased, mainly from projects and additional works done. Gross margin in this segment has also improved with tight cost control and management.

(refer to para 8 above)

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**16. A breakdown of sales as follows:**

	Group		Change (%)
	FY2013 \$'000	FY2012 \$'000	
Sales for first half year	41,340	31,683	30.5
Operating profit / (loss) after tax due to owners of Company for first half year	444	(1,605)	(127.7)
Sales for second half year	40,482	41,398	(2.2)
Operating profit after tax due to owners of Company for second half year	2,645	2,970	(10.9)

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

	FY2013 \$'000	FY2012 \$'000
<u>Ordinary shares:</u>		
Proposed Final dividend, tax exempt (one-Tier)	625	625
Proposed Special dividend, tax exempt (one-Tier)	375	-
<b>Total</b>	<b>1,000</b>	<b>625</b>

**18. Report of persons occupying managerial positions who are related to a director, CEO or substantial shareholder**

Pursuant to Rule 704 (13) of the Listing Manual, the following is a list of persons occupying managerial positions in the Company or the Company's principal subsidiaries who are relatives of a director, chief executive officer and/or substantial shareholder of the Company:-

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Cheng Woei Fen	57	Mother of Quek Kian Teck and Quek Kian Hui (substantial shareholders) and step-mother of Quek	Executive Chairman  Responsible for overall management, formulation of business	N.A



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			Chiau Liong (Managing Director)	plans, strategic positioning and business expansion of Mun Siong Engineering Group (the "Group").	
				Year when position was first held: 2000	
	Quek Chiau Liong	48	Step-son of Cheng Woei Fen (Executive Chairman)	Managing Director	N.A
				Responsible for charting the corporate direction and also responsible for overall management, formulation of business plans, strategic positioning and business expansion of the Group.	
				Year when position was first held: 2007	

**19. Use of IPO proceeds**

The proceeds raised from the Company's IPO, after deducting listing expenses of approximately S\$2.5 million was approximately S\$18.9 million. As at the date of this announcement, the Company has utilised the aforesaid proceeds as follows:

Purpose	Amount raised S\$'000	Change of Use S\$'000	Utilisation					Total Utilised S\$'000	Balance S\$'000
			up to 2012 S\$'000	1st Qtr 2013 S\$'000	2nd Qtr 2013 S\$'000	3rd Qtr 2013 S\$'000	4th Qtr 2013 S\$'000		
To establish a regional presence	4,000	-	(201)	(1,494)	-	(2)	(79)	(1,776)	2,224
To establish an engineering design centre and upgrade of existing database management system	1,000	-	(492)	-	-	-	(49)	(541)	459
Widening the range of services available to our customers	12,500	(7,709)	(4,791)					(4,791)	-
Working Capital	1,400	7,709	(1,504)	(436)	(807)	(378)	(2,207)	(5,332)	3,777
<b>Total</b>	<b>18,900</b>	<b>-</b>	<b>(6,988)</b>	<b>(1,930)</b>	<b>(807)</b>	<b>(380)</b>	<b>(2,335)</b>	<b>(12,440)</b>	<b>6,460</b>



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Utilisation under Working Capital:

For the current quarter, an amount of S\$532K was utilised to acquire scaffolding materials and tools, S\$64K was utilised to upgrade IT hardware and software, S\$258K was utilised to acquire additional machinery and equipment and vehicle and S\$1.3 million was utilised to purchase materials for operations and projects.

The use of proceeds is in accordance with its stated use.

**BY ORDER OF THE BOARD**

**CHENG WOEI FEN  
EXECUTIVE CHAIRMAN**

**QUEK CHIAU LIONG  
MANAGING DIRECTOR**

**20<sup>th</sup> FEBRUARY 2014**