



MUN SIONG ENGINEERING LIMITED

**FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014**



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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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	YTD ended 31 Dec		Change
	2014	2013		2014	2013	
	4Q	4Q	YEAR	YEAR		
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	25,139	21,292	18.1	80,085	81,822	(2.1)
Cost of sales	(19,548)	(16,761)	(16.6)	(68,142)	(72,352)	5.8
Gross profit	5,591	4,531	23.4	11,943	9,470	26.1
Other income	184	337	(45.4)	1,030	908	13.4
Administrative expenses	(2,171)	(1,808)	(20.1)	(6,856)	(6,884)	0.4
Other operating (expenses)/income	(754)	(1)	NM	(747)	12	NM
Results from operating activities	2,850	3,059	(6.8)	5,370	3,506	53.2
Finance costs	(9)	(10)	10.0	(38)	(40)	5.0
Share of results (net of tax) of jointly controlled entity	-	-	NM	-	(2)	NM
Profit before income tax	2,841	3,049	(6.8)	5,332	3,464	53.9
Income tax expense	(194)	(372)	47.8	(471)	(374)	(25.9)
Profit after income tax	2,647	2,677	(1.1)	4,861	3,090	57.3
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation difference from foreign operation	1	(10)	NM	4	(10)	NM
Total comprehensive income	2,648	2,667	(0.7)	4,865	3,080	58.0
Profit attributable to:						
Owners of the Company	2,647	2,677	(1.1)	4,861	3,090	57.3
Total comprehensive income attributable to:						
Owners of the Company	2,648	2,667	(0.7)	4,865	3,080	58.0

NM: Not meaningful

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

	Group		Group	
	Qtr ended 31 Dec		YTD ended 31 Dec	
	FY2014	FY2013	FY2014	FY2013
	Q4	Q4	YEAR	YEAR
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	896	795	3,443	3,256
Amortisation of intangible asset	38	38	149	149
Net (gain)/loss on disposal of property, plant and equipment	(2)	4	(12)	(63)
Interest income	(24)	(8)	(84)	(70)
Interest on borrowings	9	10	38	40
Net change in fair value of investment properties	-	(80)	-	(80)
Impairment loss on asset classified as held for sale	130	-	130	-
Property, plant and equipment written off	-	65	8	65
Net foreign exchange (gain)/loss	(12)	1	(26)	(12)
Impairment loss on goodwill on consolidation	635	-	635	-
Net under-provision/(write-back) of current tax expense in respect of prior years	-	(163)	13	(165)
Net under-provision of deferred tax expense in respect of prior years	229	112	234	112


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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'14 \$'000	31 Dec'13 \$'000	Change %	31 Dec'14 \$'000	31 Dec'13 \$'000	Change %
Non-current assets						
Property, plant and equipment	17,338	18,414	(5.8)	15,791	17,375	(9.1)
Intangible asset	1,189	1,338	(11.1)	1,189	1,338	(11.1)
Investment properties	1,310	1,620	(19.1)	1,310	1,310	-
Goodwill on consolidation	1,001	1,636	(38.8)	-	-	NM
Subsidiaries	-	-	NM	4,301	4,046	6.3
Jointly controlled entity	-	16	NM	-	16	NM
Deferred tax asset	62	228	(72.8)	-	-	NM
Total non-current assets	20,900	23,252	(10.1)	22,591	24,085	(6.2)
Current assets						
Inventories	10,950	6,148	78.1	9,325	2,019	361.9
Trade and other receivables	21,881	21,046	4.0	21,005	21,586	(2.7)
Asset classified as held for sale	180	-	NM	-	-	NM
Cash and cash equivalents	15,538	17,222	(9.8)	4,515	8,592	(47.5)
Total current assets	48,549	44,416	9.3	34,845	32,197	8.2
Total assets	69,449	67,668	2.6	57,436	56,282	2.1
Equity attributable to equity holders of the Company						
Share capital	24,582	24,528	0.2	24,582	24,528	0.2
Capital reserves	75	-	NM	75	-	NM
Translation reserves	(6)	(10)	40.0	-	-	NM
Accumulated profits	29,763	25,902	14.9	19,055	16,797	13.4
Total equity	54,414	50,420	7.9	43,712	41,325	5.8
Non-current liabilities						
Loans and borrowings	697	1,491	(53.3)	697	1,491	(53.3)
Deferred tax liabilities	1,570	1,458	7.7	1,421	1,411	0.7
Total non-current liabilities	2,267	2,949	(23.1)	2,118	2,902	(27.0)
Current liabilities						
Trade and other payables	11,796	13,178	(10.5)	10,812	11,261	(4.0)
Loans and borrowings	794	794	-	794	794	-
Current tax payable	178	327	(45.6)	-	-	NM
Total current liabilities	12,768	14,299	(10.7)	11,606	12,055	(3.7)
Total liabilities	15,035	17,248	(12.8)	13,724	14,957	(8.2)
Total equity and liabilities	69,449	67,668	2.6	57,436	56,282	2.1

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 December 2014		31 December 2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
794	-	794	-

Amount repayable after one year**Amount repayable after one year**

31 December 2014		31 December 2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
697	-	1,491	-

Details of any collateral

The borrowings were secured against certain operating assets of the Group 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

	2014	2013	2014	2013
	4Q	4Q	YEAR	YEAR
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before income tax	2,841	3,049	5,332	3,464
Adjustments for:				
Depreciation of property, plant and equipment	896	795	3,443	3,256
Interest expense	9	10	38	40
Impairment loss on goodwill on consolidation	635	-	635	-
Amortisation of intangible asset	38	38	149	149
Net change in fair value of investment properties	-	(80)	-	(80)
Impairment loss on asset classified as held for sale	130	-	130	-
Property, plant and equipment written off	-	65	8	65
Interest income	(24)	(8)	(84)	(70)
Net (gain)/loss on disposal of property, plant and equipment	(2)	4	(12)	(63)
Share of loss in jointly controlled entity	-	-	-	2
Operating cash flow before working capital changes	4,523	3,873	9,639	6,763
Change in inventories	(3,056)	3,526	(4,849)	2,417
Change in trade and other receivables	(4,878)	(4,437)	(835)	(2,638)
Change in trade and other payables	2,906	2,879	(1,382)	3,371
Cash (used in)/generated from operations	(505)	5,841	2,573	9,913
Tax credit received	-	-	-	108
Income tax paid	(43)	(17)	(342)	(46)
Net cash (used in)/generated from operations	(548)	5,824	2,231	9,975
Cash flows from investing activities				
Interest received	24	8	84	70
Proceeds from disposal of property, plant and equipment	3	6	13	115
Acquisition of property, plant and equipment	(815)	(1,015)	(2,329)	(1,830)
Acquisition of intangible asset	-	-	-	(1,486)
Proceeds from disposal of jointly controlled entity	-	-	16	-
Acquisition of additional shares in a subsidiary	-	-	-	(500)
Net cash used in investing activities	(788)	(1,001)	(2,216)	(3,631)
Cash flows from financing activities				
Proceeds from issue of warrants (net of expenses)	-	-	77	-
Proceeds from exercise of warrants	42	-	52	-
Payment of finance lease liabilities	(198)	(198)	(794)	(794)
Dividends paid in respect of previous year	-	-	(1,000)	(625)
Repayments of borrowings	-	(3)	-	(95)
Interest paid	(9)	(10)	(38)	(40)
Net cash used in financing activities	(165)	(211)	(1,703)	(1,554)
Net (decrease)/increase in cash and cash equivalents	(1,501)	4,612	(1,688)	4,790
Cash and cash equivalents at beginning of period	17,039	12,620	17,222	12,442
Effect of exchange rate fluctuation on cash held	-	(10)	4	(10)
Cash and cash equivalents at end of period/year	15,538	17,222	15,538	17,222



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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.

Amount in \$'000	Share capital	Capital reserves	Accumulated profits	Translation reserves	Total	Non-controlling interest	Total equity
The Group							
At 1 January 2014	24,528	-	25,902	(10)	50,420	-	50,420
Total comprehensive income for the year							
Profit for the year	-	-	4,861	-	4,861	-	4,861
Other comprehensive income for the year:-							
Foreign currency translation difference from foreign operation	-	-	-	4	4	-	4
Total comprehensive income for the year	-	-	4,861	4	4,865	-	4,865
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Proceeds from issue of warrants (net of expenses)	-	77	-	-	77	-	77
Shares issued for exercise of warrants	54	(2)	-	-	52	-	52
Dividends	-	-	(1,000)	-	(1,000)	-	(1,000)
Total transactions with owners	54	75	(1,000)	-	(871)	-	(871)
At 31 December 2014	24,582	75	29,763	(6)	54,414	-	54,414
At 1 January 2013	24,528	-	23,437	-	47,965	500	48,465
Total comprehensive income for the year							
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
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends	-	-	(625)	-	(625)	-	(625)
Changes in ownership interests in subsidiary							
Additional investment in subsidiary	-	-	-	-	-	(500)	(500)
Total transactions with owners	-	-	(625)	-	(625)	(500)	(1,125)
At 31 December 2013	24,528	-	25,902	(10)	50,420	-	50,420
The Company							
At 1 January 2014	24,528	-	16,797		41,325		
Total comprehensive income for the year							
Profit for the year	-	-	3,258		3,258		
Total comprehensive income for the year	-	-	3,258		3,258		
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Proceeds from issue of warrants (net of expenses)	-	77	-		77		
Shares issued for exercise of warrants	54	(2)	-		52		
Dividends	-	-	(1,000)		(1,000)		
Total transactions with owners	54	75	(1,000)		(871)		
At 31 December 2014	24,582	75	19,055		43,712		
At 1 January 2013	24,528	-	12,878		37,406		
Total comprehensive income for the year							
Profit for the year	-	-	4,544		4,544		
Total comprehensive income for the year	-	-	4,544		4,544		
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends	-	-	(625)		(625)		
Total transactions with owners	-	-	(625)		(625)		
At 31 December 2013	24,528	-	16,797		41,325		

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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.

On 11 September 2014, the Company issued 166,683,200 warrants upon completion of the Proposed Renounceable Non-underwritten Rights Issue of up to 166,683,200 warrants ("Warrants") at an issue price of S\$0.0015 for each Warrant, as announced on 6 May 2014 (the "Warrant Issue"). The Warrants were listed and quoted on the Main Board of the SGX-ST on 15 September 2014. Each Warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.01 for each new share.

For the period from 1 October 2014 to 31 December 2014, 4,142,200 Warrants were exercised and converted into 4,142,200 ordinary shares at the exercise price of \$0.01 per share. Except as mentioned above, there have been no changes in the issued share capital of the Company since the end of the last period reported on.

	2014	2013
	4Q	4Q
Issued and paid-up shares		
As at beginning of the period	417,694,000	416,708,000
Shares issued pursuant to exercise of warrants	4,142,200	-
As at end of the period	<u>421,836,200</u>	<u>416,708,000</u>
Treasury shares	NIL	Nil
Total number of issued shares excluding treasury shares as at end of the period	<u>421,836,200</u>	<u>416,708,000</u>
Total outstanding warrants as at end of the period	<u>161,555,000</u>	<u>-</u>

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 2014	As at 31 Dec 2013
Total number of shares	421,836,200	416,708,000
Less: Treasury shares	<u>Nil</u>	<u>Nil</u>
Total number of issued shares excluding treasury shares	<u>421,836,200</u>	<u>416,708,000</u>

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

Not applicable. There were no treasury shares.

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 applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recent audited financial statements for the year ended 31 December 2013 save for those disclosed in Para 5 below.

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 Group has adopted the new and revised Financial Reporting Standards (FRS) and interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of the new and revised FRS and INT FRS have been assessed and they have no material impact on the results of the Group and of the Company for the financial year ended 31 December 2014.

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	
	4Q 2014	4Q 2013	YEAR 2014	YEAR 2013
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.63	0.64	1.16	0.74
- on fully diluted basis (cents)	0.47	0.64	1.06	0.74
Weighted average number of shares in issue during the period/year used in computing basic EPS	419,254,848	416,708,000	417,365,948	416,708,000
Weighted average number of shares in issue during the period/year used in computing diluted EPS	559,269,182	416,708,000	460,062,627	416,708,000

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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 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	12.90	12.10	10.36	9.92
Number of shares (issued and issuable) used in computing net asset value per ordinary share	421,836,200	416,708,000	421,836,200	416,708,000

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 and profitability**

Key performance indicators (profitability and profit margins) of the Group saw significant improvements in FY2014 despite a marginal decrease in revenue.

The significant improvements in the Group's key performance indicators were primarily due to management maximizing the returns on its production assets (human resource and capital employed). Beside this, stringent cost control and project management continue to contribute positively to key performance indicators.

Revenue: The Group's strategy of stringent projects selection resulted in the Group's revenue decreasing marginally in FY2014 (S\$80.1 million) compared to FY2013 (S\$81.8 million). This strategy was adopted in FY2013 whereby the Group only undertakes projects that maximize the returns for its production assets.

For 4Q2014, revenue grew by 18.1% over the corresponding prior quarter ("4Q2013") with the completion of projects and recognition of revenue from a higher volume of works undertaken.

Profitability: The Group's gross profit was S\$11.9 million in FY2014 as compared to S\$9.5 million in FY2013. Profit before income tax in FY2013 was S\$3.5 million. In FY2014, profit before income tax improved by 53.9% to S\$5.3 million. This was despite a marginal decrease in revenue in FY2014 as compared to FY2013.



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Profit before income tax for 4Q2014 was S\$2.8 million as compared to 4Q2013 of S\$3.0 million despite registering higher revenue.

Profit margins: The Group's gross profit margin in FY2014 was 14.9% as compared to 11.6% in FY2013, an improvement of 28.4%. Profit margin at profit before income tax in FY2014 was 6.7% as compared to 4.2% in FY2013. This was an improvement of 59.5%.

(ii) Other income

Other income for FY2014 is higher by S\$100K mainly due to receipts from IRAS for wage credits and the enhanced special employment credits of S\$174K offset by an absence of fair value gain of S\$80K on investment properties in the prior year.

(iii) Administrative expenses

Administrative expenses for FY2014 were on par with that in FY2013

(iv) Other operating (expenses)/income

Other operating expenses were higher as compared with the previous financial year with the inclusion of impairment loss on goodwill of S\$635K and impairment loss of S\$130K on asset held for sale.

The Group is in the process to dispose off one of its investment properties. Accordingly, the investment property was reclassified from investment property to asset classified as held for sale as at 31 December 2014. The carrying value was reduced to the consideration amount of S\$180K and an impairment charge of S\$130K was recognised. Completion of the sale is in progress and is subject to several condition precedents, including consent of relevant governmental or regulatory authorities.

(v) Finance expenses

The finance cost was attributed to interest expense arising from hire purchase of equipment which was acquired in December 2012.

(vi) Income tax expense

Income tax expense increased in line with higher profit before tax of S\$5.3 million recorded for FY2014 as compared with the profit before tax of S\$3.5 million recorded in FY2013. Included in tax expense is a write back of deferred tax asset of S\$234K in a subsidiary as it is not probable that there will be sufficient profit in the near term for the subsidiary to offset the unutilized tax losses. Included in the tax expense for FY2013 is a write-back of over provision of S\$165K in respect of the tax return for the prior year as the Group has applied group relief to transfer tax loss and unutilized capital allowance among its subsidiaries.

Notes to statements of financial position

Group and Company

(i) Property, plant and equipment

The decrease was due to depreciation expense of S\$3.4 million offset by the acquisition of equipment and vehicles of S\$2.3 million to upgrade and enhance the Group's capabilities.



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(ii) Intangible asset

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

(iii) Investment properties

The decrease was due to intended sale of a property transferred to "Asset classified as held for sale".

(iv) Goodwill on consolidation and Investment in subsidiaries

Goodwill on consolidation was decreased by S\$635K in FY2014 as compared to FY2013. This was due to recognition of impairment loss in the carrying value of a wholly-owned subsidiary.

Investment in subsidiaries was increased by S\$255K. During the financial year, the Company increased the capitalization of a wholly-owned subsidiary by S\$900K. The increase in capitalization is to reflect the increase in business undertakings. Also the Company has recognized impairment loss to the carrying value of another wholly-owned subsidiary. The impairment loss recognized was S\$635K.

(v) Deferred tax asset

The deferred tax asset for FY2014 arose from unutilized tax loss and capital allowance recognised for a subsidiary. The deferred tax for FY2013 was written back in the current year as explained under "Income tax expense".

(vi) Inventories

The increase in inventories was mainly due to higher volume of work-in-progress from projects on hand.

(v) Trade and other receivables

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

(vii) Loans and borrowings

The decrease in loans and borrowings under non-current liabilities was due to the repayment of hire purchase instalments.

(viii) 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.

(ix) Trade and other payables

The decrease was due to the settlement of payables and lower subcontracting charges incurred for the year.



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(x) Equity

Total equity of the Group increased from S\$50.4 million (FY2013) to S\$54.4 million (FY2014). The increase was mainly attributed to the increase in revenue reserve, which arose from profit generated by the Group.

During the current year, the Company successfully completed a non-underwritten rights issue of up to 166,683,200 warrants at the issue price of S\$0.0015 for each warrant ("Warrants Issue"). Each warrant entitles the holder the right to subscribe for one (1) new ordinary share in the capital of the Company at the exercise price of S\$0.01 per new share over a period of three (3) years from the date of the issue of warrants, expiring on 8 September 2017.

The net proceed from the Warrants Issue after deducting professional fees and related expenses was S\$77K. This amount has been accounted under capital reserves and will be transferred to share capital on pro-rata basis upon the exercise of the warrants.

As at the end of the year, a total of 5,128,200 warrants have been exercised and share capital is increased accordingly.

Notes to cash flow statement

The Group continues to register positive cash flows generated from its operation. Working capital (current assets less current liabilities) was S\$35.8 million (as at 31 December 2014) as compared to S\$30.1 million (as at 31 December 2013).

For FY2014, the Group recorded a lower net operating cash flow of S\$2.6 million as compared to S\$9.9 million in FY2013. The lower net operating cash flow is attributed to higher level of inventories due to an increase in work-in-progress, higher level of receivables from the high volume of billings in the quarter and a decrease in trade and other payables.

The Group's cash balance as at 31 December 2014 was S\$15.5 million, a reduction of S\$1.7 million from S\$17.2 million as at 31 December 2013. This is after taking into consideration major cash outlays such as S\$2.3 million invested to acquire plant and equipment to further enhance the Group's capabilities and productivity, payment of S\$1.0 million of dividends declared in respect of the previous financial year and the repayment of S\$0.8 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 views the recent volatility in oil prices in global commodities markets to have impact on the Group's ability to continue to secure new projects and maintain its profitability.

In the event that oil prices continue to trade at low levels, the Group's key customers may be forced to review their investment plans for new facilities and upgrading of current facilities. This may result in deferment or cancellation of their investments plans or a scaling down on the value of their investment. In either case the Group's profitability will be negatively affected.

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It is also noted that with a decline in oil prices, the opportunity cost to facility owners to shut down and upgrade or maintain current production facilities will be substantially lower. The Group currently holds a number of maintenance contracts for major production facilities. This will put the Group in a good position to take advantage of such business opportunities.

To-date, the economic benefit of lower oil prices to major global economies is yet to be felt. If the economic benefits of cheaper oil prices are able to stimulate economic growth, our key customers may continue to embark on their investment plans for new or upgrade existing facilities.

Since 2013, the management has been widening the range of products and services to its customers. This has resulted in the Group adding specialized coating, scaffolding, overhauling and maintenance of rotating equipment; supply of pumps and fabrication of equipment skids to its capabilities. The Group has also been active in seeking business opportunities in neighbouring countries. However, the Group continues to adopt a cautious stance in its business expansion. This is to ensure that the Group's overall business risk does not increase substantially.

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:

			FY2014
Name of dividend	Final		Special
Dividend type	Cash		Cash
Amount	0.15 cent per ordinary share		0.35 cent per ordinary share
Tax rate	Tax exempt (one-tier)		Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

			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)

(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.

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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.

FY2014

(Amount in \$'000)	Electrical, instrumentation and others		Total
	Mechanical engineering		
External revenue	69,387	10,698	80,085
Inter-segment revenue	-	2,280	2,280
Total revenue	69,387	12,978	82,365
Interest income	28	56	84
Interest expense	38	-	38
Amortisation of intangible asset	149	-	149
Depreciation of property, plant and equipment	3,187	256	3,443
Reportable segment profit before income tax	3,281	2,061	5,342
Other material non-cash item:			
Impairment loss on asset classified as held for sale	-	(130)	(130)
Impairment loss on goodwill on consolidation	-	(635)	(635)
Reportable segment assets	51,676	16,876	68,552
Capital expenditure	1,556	773	2,329
Reportable segment liabilities	12,303	2,398	14,701



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FY2013

(Amount in \$'000)	Mechanical engineering	Electrical, instrumentation and others	Total
External revenue	67,622	14,200	81,822
Inter-segment revenue	-	2,592	2,592
Total revenue	67,622	16,792	84,414
Interest income	39	31	70
Interest expense	38	2	40
Amortisation of intangible asset	149	-	149
Depreciation of property, plant and equipment	3,022	234	3,256
Reportable segment profit before income tax	746	2,718	3,464
Other material non-cash item:			
Impairment loss on asset classified as held for sale	90	(10)	80
Reportable segment assets	50,748	15,313	66,061
Investment in joint controlled entity	16	-	16
Capital expenditure	1,045	785	1,830
Reportable segment liabilities	13,546	3,582	17,128

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

(Amount in \$'000)	FY2014	FY2013
Revenue		
Total revenues for reportable segments	82,365	84,414
Elimination of inter-segment revenue	(2,280)	(2,592)
Consolidated revenue	80,085	81,822
Profit or loss		
Total profit or loss for reportable segments	5,342	3,464
Elimination of inter-segment income	(10)	-
Consolidated profit before income tax	5,332	3,464
Assets		
Total assets for reportable segments	68,552	66,061
Goodwill	1,001	1,636
Investment properties	1,310	1,620
Investment in joint controlled entity	-	16
Elimination of inter-segment assets	(1,414)	(1,665)
Consolidated total assets	69,449	67,668
Liabilities		
Total liabilities for reportable segments	14,701	17,128
Current tax payable	178	327
Deferred tax liabilities	1,570	1,458
Elimination of inter-segment liabilities	(1,414)	(1,665)
Consolidated total liabilities	15,035	17,248

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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 recognition of revenue from the completion of projects. Gross margin has improved with stringent cost control and tight management and workflow restructuring during the year.

Revenue from the electrical, instrumentation and others segment on the other hand has decreased, mainly from lower volume of work done. Gross margin in this segment managed to maintain with tight cost control and management.

(refer to para 8 above)

16. A breakdown of sales as follows:

	Group		
	FY2014	FY2013	Change
	\$'000	\$'000	(%)
Sales for first half year	37,599	41,340	(9.0)
Operating profit after tax due to owners of Company for first half year	1,743	444	292.6
Sales for second half year	42,486	40,482	5.0
Operating profit after tax due to owners of Company for second half year	3,118	2,646	17.8

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

	FY2014	FY2013
	\$'000	\$'000
<u>Ordinary shares:</u>		
Proposed Final dividend, tax exempt (one-Tier)	633	625
Proposed Special dividend, tax exempt (one-Tier)	1,476	375
Total	2,109	1,000

Note: Dividend payable for FY2014 is based on the total issued ordinary shares as at 31 December 2014.

The amount is subjected to change when warrants are exercised.

The actual amount will be determined after the Books Closure Date (BCD).

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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, CEO 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	58	Mother of Quek Kian Teck (substantial shareholder) and Quek Kian Hui (Executive Director); and step-mother of Quek Chiau Liong (Managing Director)	Executive Chairlady. Responsible for overall management, formulation of business plans, strategic positioning and business expansion of Mun Siong Engineering Group (the "Group"). Year when position was first held: 2000	N.A
Quek Chiau Liong	49	Step-son of Cheng Woei Fen (Executive Chairlady)	Managing Director 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	N.A
Quek Kian Hui	30	Son of Cheng Woei Fen (Executive Chairlady)	Executive Director Management of wholly-owned subsidiary, Wing Wah Industrial Services Pte Ltd and assisting the Chairlady and Managing Director in the operations of Mun Siong Engineering Limited (the holding company). Year when position was first held: 2014	N.A

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19. Use of Proceeds from IPO and Warrant Issue

a) Warrant Issue

In September 2014, the Company raised gross proceeds of S\$250K from the subscription of 166,683,200 warrants at the issue price of S\$0.0015 per warrant ("Warrants Issue"). After deducting the professional fees as well as related expenses for the Warrants Issue, the finalised net proceeds is S\$77K.

As at the date of this announcement, the net proceeds of S\$77K from the subscription of the Warrants Issue had been fully utilised to purchase materials for operations. The utilisation is in accordance with its intended purpose as working capital as disclosed in the Offer Information Statement dated 18 August 2014.

As at the date of this announcement, 9,888,200 warrants had been exercised since the issue of the warrants and a total proceed of about S\$99K was raised and is still unutilised.

b) 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 end of the current year, 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 2013 S\$'000	1st Qtr 2014 S\$'000	2nd Qtr 2014 S\$'000	3rd Qtr 2014 S\$'000	4th Qtr 2014 S\$'000		
To establish a regional presence	4,000	-	(1,776)	(2)	(1)	-	(2)	(1,781)	2,219
To establish an engineering design centre and upgrade of existing database management system	1,000	-	(541)	-	-	-	-	(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	(5,332)	(651)	(872)	(664)	(1,590)	(9,109)	-
Total	18,900	-	(12,440)	(653)	(873)	(664)	(1,592)	(16,222)	2,678

Utilisation under Working Capital:

For the current quarter, an amount of S\$463K was utilised to acquire scaffolding materials and tools, S\$464K was utilised to acquire additional machinery and equipment and vehicle, S\$373K was utilised to purchase materials and S\$290K was utilised to engage sub-contracting services for operations and projects.

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



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BY ORDER OF THE BOARD

**CHENG WOEI FEN
EXECUTIVE CHAIRLADY**

**QUEK CHIAU LIONG
MANAGING DIRECTOR**

16th FEBRUARY 2015