



**MUN SIONG ENGINEERING LIMITED**

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
PERIOD ENDED 30 SEPTEMBER 2014



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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**THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

**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 30 Sep		Change	YTD ended 30 Sep		Change
	2014	2013		2014	2013	
	3Q	3Q		9-MTH	9-MTH	
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	17,347	19,190	(9.6)	54,946	60,530	(9.2)
Cost of sales	(15,345)	(17,710)	(13.4)	(48,594)	(55,591)	(12.6)
Gross profit	2,002	1,480	35.3	6,352	4,939	28.6
Other income	220	158	39.2	846	571	48.2
Administrative expenses	(1,689)	(1,738)	(2.8)	(4,685)	(5,076)	(7.7)
Other operating (expenses) / income	14	10	40.0	7	13	(46.2)
<b>Results from operating activities</b>	<b>547</b>	<b>(90)</b>	<b>(707.8)</b>	<b>2,520</b>	<b>447</b>	<b>463.8</b>
Finance costs	(10)	(10)	-	(29)	(30)	(3.3)
Share of results (net of tax) of jointly controlled entity	-	(1)	NM	-	(2)	NM
<b>Profit before income tax</b>	<b>537</b>	<b>(101)</b>	<b>(631.7)</b>	<b>2,491</b>	<b>415</b>	<b>500.2</b>
Income tax (expense) / credit	(66)	78	NM	(277)	(2)	NM
<b>Profit after income tax</b>	<b>471</b>	<b>(23)</b>	<b>(2,147.8)</b>	<b>2,214</b>	<b>413</b>	<b>436.1</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation difference from foreign operation	-	-	NM	3	-	NM
<b>Total comprehensive income</b>	<b>471</b>	<b>(23)</b>	<b>(2,147.8)</b>	<b>2,217</b>	<b>413</b>	<b>436.8</b>
<b>Profit attributable to:</b>						
Owners of the Company	471	(31)	(1,619.4)	2,214	413	436.1
Non-controlling interest	-	8	NM	-	-	NM
	<b>471</b>	<b>(23)</b>		<b>2,214</b>	<b>413</b>	
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	471	(31)	(1,619.4)	2,217	413	436.8
Non-controlling interest	-	8	NM	-	-	NM
	<b>471</b>	<b>(23)</b>		<b>2,217</b>	<b>413</b>	

NM: Not meaningful

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

	Group		Group	
	Qtr ended 30 Sep		YTD ended 30 Sep	
	2014	2013	2014	2013
	Q3	Q3	9-MTH	9-MTH
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	855	813	2,547	2,461
Amortisation expenses	37	36	111	111
Loss/(Profit) on disposal of property, plant and equipment	(4)	-	(10)	(67)
Interest income	(26)	(10)	(60)	(62)
Interest on borrowings	10	10	29	30
Property, plant and equipment written off	-	-	8	-
Net foreign exchange loss/(gain)	(14)	(10)	(14)	(13)


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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		
	30 Sep'14 \$'000	31 Dec'13 \$'000	Change %	30 Sep'14 \$'000	31 Dec'13 \$'000	Change %
<b>Non-current assets</b>						
Property, plant and equipment	17,417	18,414	(5.4)	16,331	17,375	(6.0)
Intangible asset	1,226	1,338	(8.4)	1,226	1,338	(8.4)
Goodwill on consolidation	1,636	1,636	-	-	-	NM
Investment properties	1,620	1,620	-	1,310	1,310	-
Subsidiaries	-	-	NM	4,936	4,046	22.0
Jointly controlled entity	-	16	NM	-	16	NM
Deferred tax asset	223	228	(2.2)	-	-	NM
<b>Total non-current assets</b>	<b>22,122</b>	<b>23,252</b>	<b>(4.9)</b>	<b>23,803</b>	<b>24,085</b>	<b>(1.2)</b>
<b>Current assets</b>						
Inventories	7,898	6,148	28.5	6,348	2,019	214.4
Trade and other receivables	17,003	21,046	(19.2)	13,008	21,586	(39.7)
Cash and cash equivalents	17,039	17,222	(1.1)	8,925	8,592	3.9
<b>Total current assets</b>	<b>41,940</b>	<b>44,416</b>	<b>(5.6)</b>	<b>28,281</b>	<b>32,197</b>	<b>(12.2)</b>
<b>Total assets</b>	<b>64,062</b>	<b>67,668</b>	<b>(5.3)</b>	<b>52,084</b>	<b>56,282</b>	<b>(7.5)</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	24,615	24,528	0.4	24,615	24,528	0.4
Translation reserves	(7)	(10)	(30.0)	-	-	NM
Accumulated profits	27,116	25,902	4.7	17,119	16,797	1.9
<b>Total equity attributable to owners of the Company</b>	<b>51,724</b>	<b>50,420</b>	<b>2.6</b>	<b>41,734</b>	<b>41,325</b>	<b>1.0</b>
<b>Total equity</b>	<b>51,724</b>	<b>50,420</b>	<b>2.6</b>	<b>41,734</b>	<b>41,325</b>	<b>1.0</b>
<b>Non-current liabilities</b>						
Loans and borrowings	1,028	1,491	(31.1)	1,028	1,491	(31.1)
Deferred tax liabilities	1,477	1,458	1.3	1,433	1,411	1.6
<b>Total non-current liabilities</b>	<b>2,505</b>	<b>2,949</b>	<b>(15.1)</b>	<b>2,461</b>	<b>2,902</b>	<b>(15.2)</b>
<b>Current liabilities</b>						
Trade and other payables	8,891	13,178	(32.5)	7,043	11,261	(37.5)
Loans and borrowings	661	794	(16.8)	661	794	(16.8)
Current tax payable	281	327	(14.1)	185	-	NM
<b>Total current liabilities</b>	<b>9,833</b>	<b>14,299</b>	<b>(31.2)</b>	<b>7,889</b>	<b>12,055</b>	<b>(34.6)</b>
<b>Total liabilities</b>	<b>12,338</b>	<b>17,248</b>	<b>(28.5)</b>	<b>10,350</b>	<b>14,957</b>	<b>(30.8)</b>
<b>Total equity and liabilities</b>	<b>64,062</b>	<b>67,668</b>	<b>(5.3)</b>	<b>52,084</b>	<b>56,282</b>	<b>(7.5)</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***

<b>30 September 2014</b>		<b>31 December 2013</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
661	-	794	-

***Amount repayable after one year***

<b>30 September 2014</b>		<b>31 December 2013</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,028	-	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
	3Q	3Q	9-MTH	9-MTH
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	537	(101)	2,491	415
Adjustments for:				
Depreciation of property, plant and equipment	855	813	2,547	2,461
Interest expense	10	10	29	30
Amortisation of intangible assets	37	36	111	111
Property, plant and equipment written off	-	-	8	-
Interest income	(26)	(10)	(60)	(62)
Net (gain)/loss on disposal of property, plant and equipment	(4)	-	(10)	(67)
Share of loss in jointly controlled entity	-	1	-	2
Operating cash flow before working capital changes	1,409	749	5,116	2,890
Change in inventories	(437)	(4,523)	(1,793)	(1,109)
Change in trade and other receivables	(2,134)	3,967	4,042	1,799
Change in trade and other payables	(969)	(1,188)	(4,283)	492
Cash generated from operating activities	(2,131)	(995)	3,082	4,072
Tax credit received	-	-	-	108
Income tax paid	(124)	-	(299)	(29)
<b>Net cash generated from/(used in) operating activities</b>	<b>(2,255)</b>	<b>(995)</b>	<b>2,783</b>	<b>4,151</b>
<b>Cash flows from investing activities</b>				
Interest received	26	10	60	62
Proceeds from disposal of property, plant and equipment	4	-	10	109
Acquisition of property, plant and equipment	(1,283)	(165)	(1,514)	(815)
Acquisition of intangible asset	-	8	-	(1,486)
Proceeds from disposal of jointly controlled entity	-	-	16	-
Acquisition of additional shares in a subsidiary	-	(64)	-	(500)
<b>Net cash used in investing activities</b>	<b>(1,253)</b>	<b>(211)</b>	<b>(1,428)</b>	<b>(2,630)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of warrants (net of expenses)	77	-	77	-
Proceeds from conversion of warrants	10	-	10	-
Payment of finance lease liabilities	(198)	(198)	(596)	(596)
Dividends paid in respect of previous year	-	-	(1,000)	(625)
Repayments of borrowings	-	(4)	-	(92)
Interest paid	(10)	(10)	(29)	(30)
<b>Net cash used in financing activities</b>	<b>(121)</b>	<b>(212)</b>	<b>(1,538)</b>	<b>(1,343)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3,629)</b>	<b>(1,418)</b>	<b>(183)</b>	<b>178</b>
Cash and cash equivalents at beginning of period	20,671	14,038	17,222	12,442
Effect of exchange translation on a foreign operation	(3)	-	-	-
<b>Cash and cash equivalents at end of period</b>	<b>17,039</b>	<b>12,620</b>	<b>17,039</b>	<b>12,620</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.**

Amount in \$'000	Share capital	Accumulated profits	Translation reserves	Total	Non-controlling interest	Total equity
<b>The Group</b>						
At 1 January 2014	24,528	25,902	(10)	50,420	-	50,420
<b>Total comprehensive income for the period</b>						
Profit for the period	-	2,214	-	2,214	-	2,214
Other comprehensive income for the period:-						
Foreign currency translation difference from foreign operation	-	-	3	3	-	3
Total comprehensive income for the period	-	2,214	3	2,217	-	2,217
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Proceeds from warrant issue (net of expenses)	77	-	-	77	-	77
Proceeds from conversion of warrants	10	-	-	10	-	10
Dividends	-	(1,000)	-	(1,000)	-	(1,000)
Total transactions with owners	87	(1,000)	-	(913)	-	(913)
<b>At 30 September 2014</b>	<b>24,615</b>	<b>27,116</b>	<b>(7)</b>	<b>51,724</b>	<b>-</b>	<b>51,724</b>
At 1 January 2013	24,528	23,437	-	47,965	500	48,465
<b>Total comprehensive income for the period</b>						
Profit for the period	-	413	-	413	-	413
Total comprehensive income for the period	-	413	-	413	-	413
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends	-	(625)	-	(625)	-	(625)
<b>Changes in ownership interests in subsidiary</b>						
Additional investment in subsidiary	-	-	-	-	(500)	(500)
Total transactions with owners	-	(625)	-	(625)	(500)	(1,125)
<b>At 30 September 2013</b>	<b>24,528</b>	<b>23,225</b>	<b>-</b>	<b>47,753</b>	<b>-</b>	<b>47,753</b>
<b>The Company</b>						
At 1 January 2014	24,528	16,797		41,325		
<b>Total comprehensive income for the period</b>						
Profit for the period	-	1,322		1,322		
Total comprehensive income for the period	-	1,322		1,322		
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Proceeds from warrant issue net of expenses	77			77		
Proceeds from conversion of warrants	10			10		
Dividends	-	(1,000)		(1,000)		
Total transactions with owners	87	(1,000)		(913)		
<b>At 30 September 2014</b>	<b>24,615</b>	<b>17,119</b>		<b>41,734</b>		
At 1 January 2013	24,528	12,878		37,406		
<b>Total comprehensive income for the period</b>						
Profit for the period	-	2,664		2,664		
Total comprehensive income for the period	-	2,664		2,664		
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividends	-	(625)		(625)		
Total transactions with owners	-	(625)		(625)		
<b>At 30 September 2013</b>	<b>24,528</b>	<b>14,917</b>		<b>39,445</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.**

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 the 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.

As of 30 September 2014, 986,000 Warrants were exercised and converted into 986,000 ordinary shares at the exercise price of \$0.01 per share.

	2014 3Q	2013 3Q
<b>Issued and paid-up shares</b>		
As at beginning of the period	416,708,000	416,708,000
Shares issued pursuant to exercise of warrants	986,000	-
As at end of the period	<u>417,694,000</u>	<u>416,708,000</u>
<b>Treasury shares</b>		
As at beginning of the period	Nil	Nil
As at end of the period	<u>Nil</u>	<u>Nil</u>
<b>Total number of issued shares excluding treasury shares as at end of the period</b>	<u>417,694,000</u>	<u>416,708,000</u>
<b>Total outstanding warrants as at end of the period</b>	<u>165,697,200</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 30 Sep 2014	As at 31 Dec 2013
Total number of shares	417,694,000	416,708,000
Less: Treasury shares	<u>Nil</u>	<u>Nil</u>
Total number of issued shares excluding treasury shares	<u>417,694,000</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 is assessed and it has no material impact on the results of the Group and of the Company for the financial period ended 30 September 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	
	3Q 2014	3Q 2013	9-MTH 2014	9-MTH 2013
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.11	(0.01)	0.53	0.10
- on fully diluted basis (cents)	0.10	(0.01)	0.52	0.10
Weighted average number of shares in issue during the period used in computing basic EPS	416,782,110	416,708,000	416,732,794	416,708,000
Weighted average number of shares in issue during the period used in computing diluted EPS	451,378,229	416,708,000	428,307,231	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**

	<b>Group</b>		<b>Company</b>	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	12.38	12.10	9.99	9.92
Number of shares (issued and issuable) used in computing net asset value per ordinary share	417,694,000	416,708,000	417,694,000	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, cost of sales and gross profit**

The Group recorded a profit before tax of \$0.5 million for the current quarter ("3Q2014") and \$2.5 million for the nine-month period ("9-MTH 2014"), which are much higher than those recorded in the respective prior corresponding periods ("3Q2013" and "9-MTH 2013").

Revenue for 3Q2014 and for 9-MTH 2014 of \$17.3 million and \$54.9 million respectively were lower than those for 3Q2013 and 9-MTH 2013. The decrease arose as the Group continues its policy of engaging in projects or works that meets its pre-determined criterion, primarily profitability.

Cost of sales decreased in tandem with the decrease in revenue, with the main decrease in sub-contracting cost and equipment hire as the Group seeks to maximize its labour force and investment in capital equipment.

Gross profit margin improved from 7.7% to 11.5% for the quarter and from 8.2% to 11.6% for the nine-month period. This is due to the recognition of project completion and the Group's widening of products and services. The improvement has enabled the Group to record a higher profit before taxation of \$0.5 million for the quarter and higher profit before taxation of \$2.5 million for the nine-month period.



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(ii) Administrative expenses

Administrative expenses for 3Q2014 and 9-MTH 2014 decreased by approximately \$0.1 million and \$0.4 million respectively mainly due to lower salaries-related costs on administrative headcount and lower depreciation expense.

(iii) Other expenses

Other expenses comprise losses arising from the write-off of property, plant and equipment and foreign exchange transactions.

(iv) Finance expenses

The finance cost relates to the hire purchase interest incurred on the financing of certain capital equipment acquired in 2012.

(v) Income tax expense

Income tax expenses for 3Q2014 and 9-MTH 2014 were higher in line with the higher profit recorded. The effective tax rate was lower after accounting for allowable deductions on expenses qualifying for Productivity Innovation Credits (PIC).

(vi) Other comprehensive income

Other comprehensive expense comprised the effect of the foreign currency translation on the financials of the Malaysian subsidiary.

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

***Group and Company***

(i) Property, plant and equipment

The decrease was mainly due to the depreciation charged for the period.

(ii) Intangible asset

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

(iii) Inventories

The increase in inventories was mainly due to higher volume of contract work in progress from projects where revenue was recognised according to percentage of completion.

(iv) Trade and other receivables

Trade and other receivables decreased from the end of the previous year due to the realisation of receivables.



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(v) Loans and borrowings

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

(vi) Trade and other payables

The decrease was due to the settlement of payables and lower sub-contracting charges incurred.

(vii) Equities

During the quarter, the Company successfully completed a non-underwritten rights issue of up to 166,683,200 warrants at the issue price of \$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 (amounting to \$173,000) was \$77,000. This amount has been accounted and transferred to the share capital.

As at the end of the quarter, 986,000 warrants have been exercised and the share capital is increased accordingly.

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

For the 9 months ending 30 September 2014, the Group achieved a net operating cashflow of \$3.0 million as compared to \$4.0 million for 9 months ending 30 September 2013. The lower net operating cashflow is attributed to higher level of inventory (due to increase in work-in-progress), lower value of trade and other receivables (due to quicker collection) and decrease in trade and other payables (quicker payments and less sub-contracting expenses).

The Group's cash balance as at 30 September 2014 was \$17.0 million, a slight decrease of \$0.2 million from \$17.2 million as at 31 December 2013. This is after taking into consideration \$1.5 million to acquire additional capital equipments to further enhance capabilities and productivity and payment of \$1.0 million of dividends declared in respect of the previous financial year. The Group also repaid approximately \$0.6 million of its loan 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 recent steep decline in crude oil prices, the imminent interest rates hikes in North America and uncertainty in the health of the Chinese economy may have negative impact on the Group's profitability.

The demand of the end products that are manufactured or stored at the facilities that the Group services is reliance on the state of major global economies such as Europe, North America,



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China and Asia. In the event of a slowdown or volatility in these economies (for example due to weaknesses in consumptions or increase in borrowing cost due to increase in interest rates), the upgrading of existing facilities or construction of new facilities would be deferred or cancelled. Under such circumstances, the Group profitability would be negatively affected.

Recently developments in the Group:

The Group's wholly owned subsidiary (Wing Wah Industrial Services Pte Ltd) has secured the renewal for a maintenance contract from one of its existing long term customers, who operates a refining facility in Singapore. The maintenance contract is for a period of 3 years.

The Company also secured a maintenance contract from a new customer. The maintenance contract is for their facilities on Jurong Island, Singapore. The maintenance contract is for a period of 3 years. This new maintenance contract is expected to contribute to the Group's financial performance in financial year 2015.

The Group has secured a contract to provide onshore services to a new EPC customer for a Korean major multi-national group in Myanmar. This contract is expected to contribute to the Group's financial performance in financial year 2015.

The Management will continue to adopt cautious stances in engaging in its undertaking of new works or projects and expansion plans without having to change the business and financial risk profile of the Group substantially

Order Book:

As at the date of this announcement, beside the ongoing maintenance contracts, the Group's outstanding order book stands at \$16.4 million.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

No interim dividend for the financial quarter under review is recommended.

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

Not applicable.

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No interim dividend for the financial quarter under review is recommended.



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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. Use of Proceeds from IPO and Warrant Issue**

a) Warrant Issue

In September 2014, the Company raised gross proceeds of S\$250,000 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\$77,000.

As at the date of this announcement, the net proceeds of S\$77,000 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.

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 period, 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		
To establish a regional presence	4,000	-	(1,776)	(2)	(1)	-	(1,779)	2,221
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)	(7,519)	1,590
<b>Total</b>	<b>18,900</b>	<b>-</b>	<b>(12,440)</b>	<b>(653)</b>	<b>(873)</b>	<b>(664)</b>	<b>(14,630)</b>	<b>4,270</b>





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Utilisation under Working Capital:

For the current quarter, an amount of \$40,000 was utilised to upgrade the computer system, \$529,000 was utilised to fund the acquisition of additional capital equipment and \$95,000 was utilised to purchase materials for operations and projects.

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

**15. Confirmation pursuant to Rule 705(5).**

The Board of Directors of the Company hereby confirm to their best knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the quarter ended 30 September 2014 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**

**CHENG WOEI FEN  
EXECUTIVE CHAIRMAN**

**QUEK CHIAU LIONG  
MANAGING DIRECTOR**

**10<sup>th</sup> NOVEMBER 2014**