

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

Issuer/ Manager	MUN SIONG ENGINEERING LIMITED
Securities	MUN SIONG ENGINEERING LIMITED - SG2C34962861 - MF6
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Additional Details

For Financial Period Ended	31/12/2015
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MUN SIONG ENGINEERING LIMITED

**FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**



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 2015

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		Incr / (Decr)	YTD ended 31 Dec		Incr / (Decr)
	2015 4Q	2014 4Q		2015 YEAR	2014 YEAR	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	22,738	25,139	(9.6)	76,185	80,085	(4.9)
Cost of sales	(19,621)	(19,548)	0.4	(67,191)	(68,142)	(1.4)
Gross profit	3,117	5,591	(44.2)	8,994	11,943	(24.7)
Other income	557	184	202.7	1,793	1,030	74.1
Administrative expenses	(1,548)	(2,171)	(28.7)	(6,210)	(6,856)	(9.4)
Other operating income/(expenses)	6	(754)	(100.8)	(28)	(747)	(96.3)
Results from operating activities	2,132	2,850	(25.2)	4,549	5,370	(15.3)
Finance costs	(9)	(9)	-	(38)	(38)	-
Profit before income tax	2,123	2,841	(25.3)	4,511	5,332	(15.4)
Income tax credit/(expense)	100	(194)	(151.5)	71	(471)	(115.1)
Profit after income tax	2,223	2,647	(16.0)	4,582	4,861	(5.7)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation difference from foreign operation	(3)	1	NM	12	4	NM
Total comprehensive income	2,220	2,648	(16.2)	4,594	4,865	(5.6)
Profit attributable to:						
Owners of the Company	2,223	2,647	(16.0)	4,582	4,861	(5.7)
Total comprehensive income attributable to:						
Owners of the Company	2,220	2,648	(16.2)	4,594	4,865	(5.6)

NM: Not meaningful

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(Incorporated in the Republic of Singapore)

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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	
	FY2015	FY2014	FY2015	FY2014
	Q4	Q4	YEAR	YEAR
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	899	896	3,567	3,443
Amortisation of intangible asset	38	38	149	149
Provision for foreseeable loss	553	-	553	-
Net gain on disposal of property, plant and equipment	(45)	(2)	(71)	(12)
Interest income	(57)	(24)	(190)	(84)
Interest on borrowings	9	9	38	38
Impairment loss on asset classified as held for sale	-	130	-	130
Property, plant and equipment written off	-	-	21	8
Net foreign exchange (gain) / loss	(7)	(12)	6	(26)
Impairment loss on goodwill on consolidation	-	635	-	635
Under / (over) provision for prior year tax expense	58	229	(259)	241


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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'15	31 Dec'14	Change	31 Dec'15	31 Dec'14	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Non-current assets						
Property, plant and equipment	16,789	17,338	(3.2)	14,795	15,791	(6.3)
Intangible asset	1,040	1,189	(12.5)	1,040	1,189	(12.5)
Investment properties	1,310	1,310	-	1,310	1,310	-
Goodwill on consolidation	1,001	1,001	-	-	-	NM
Subsidiaries	-	-	NM	4,436	4,301	3.1
Deferred tax asset	-	62	NM	-	-	NM
Total non-current assets	20,140	20,900	(3.6)	21,581	22,591	(4.5)
Current assets						
Inventories	146	250	(41.6)	146	250	(41.6)
Contract work-in-progress	8,601	10,700	(19.6)	7,312	9,075	(19.4)
Trade and other receivables	21,254	21,881	(2.9)	20,002	21,005	(4.8)
Asset classified as held for sale	-	180	NM	-	-	NM
Cash and cash equivalents	24,804	15,538	59.6	11,140	4,515	146.7
Total current assets	54,805	48,549	12.9	38,600	34,845	10.8
Total assets	74,945	69,449	7.9	60,181	57,436	4.8
Equity attributable to equity holders of the Company						
Share capital	26,066	24,582	6.0	26,066	24,582	6.0
Capital reserve	9	75	(88.0)	9	75	(88.0)
Translation reserve	6	(6)	NM	-	-	NM
Retained earnings	31,565	29,763	6.1	17,895	19,055	(6.1)
Total equity attributable to owners of the Company	57,646	54,414	5.9	43,970	43,712	0.6
Non-current liabilities						
Loans and borrowings	-	697	NM	-	697	NM
Provision for restoration costs	304	120	NM	304	120	NM
Deferred tax liabilities	1,408	1,570	(10.3)	1,281	1,421	(9.9)
Total non-current liabilities	1,712	2,387	(28.3)	1,585	2,238	(29.2)
Current liabilities						
Trade and other payables	13,165	11,660	12.9	12,305	10,692	15.1
Excess of progress billings over contract work-in-progress	1,380	16	NM	1,377	-	NM
Loans and borrowings	698	794	(12.1)	698	794	(12.1)
Current tax payable	344	178	93.3	246	-	NM
Total current liabilities	15,587	12,648	23.2	14,626	11,486	27.3
Total liabilities	17,299	15,035	15.1	16,211	13,724	18.1
Total equity and liabilities	74,945	69,449	7.9	60,181	57,436	4.8

**MUN SIONG ENGINEERING LIMITED**

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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 2015		31 December 2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
698	-	794	-

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

31 December 2015		31 December 2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	697	-

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

	2015 4Q	2014 4Q	2015 YEAR	2014 YEAR
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before income tax	2,123	2,841	4,511	5,332
Adjustments for:				
Depreciation of property, plant and equipment	899	896	3,567	3,443
Interest expense	9	9	38	38
Impairment loss on goodwill on consolidation	-	635	-	635
Amortisation of intangible asset	38	38	149	149
Impairment loss on asset classified as held for sale	-	130	-	130
Property, plant and equipment written off	-	-	21	8
Interest income	(57)	(24)	(190)	(84)
Net gain on disposal of property, plant and equipment	(45)	(2)	(71)	(12)
Provision for foreseeable loss	553	-	553	-
Operating cash flow before working capital changes	3,520	4,523	8,578	9,639
Changes in inventories	43	1,822	104	29
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	3,499	(5,049)	2,910	(5,049)
Changes in trade and other receivables	(5,742)	(4,878)	627	(835)
Changes in trade and other payables	3,556	2,958	1,505	(1,330)
Changes in provision for restoration costs	4	120	184	120
Cash generated from/(used in) operating activities	4,880	(504)	13,908	2,574
Tax credit received	-	-	328	-
Income tax paid	(23)	(43)	(191)	(342)
Net cash (used in)/generated from operating activities	4,857	(547)	14,045	2,232
Cash flows from investing activities				
Interest received	57	24	190	84
Proceeds from disposal of property, plant and equipment	116	2	143	12
Acquisition of property, plant and equipment	(608)	(815)	(3,111)	(2,329)
Proceeds from disposal of asset classified as held for sale	-	-	180	-
Proceeds from disposal of jointly controlled entity	-	-	-	16
Net cash used in investing activities	(435)	(789)	(2,598)	(2,217)
Cash flows from financing activities				
Proceeds from issue of warrants (net of expenses)	-	-	-	77
Proceeds from exercise of warrants	1	42	1,418	52
Repayment of loans and borrowings	(198)	(198)	(793)	(794)
Dividends paid in respect of previous year	-	-	(2,780)	(1,000)
Interest paid	(9)	(9)	(38)	(38)
Net cash used in financing activities	(206)	(165)	(2,193)	(1,703)
Net increase/(decrease) in cash and cash equivalents	4,216	(1,501)	9,254	(1,688)
Cash and cash equivalents at beginning of period/year	20,591	17,039	15,538	17,222
Effect of exchange rate fluctuations on cash held	(3)	-	12	4
Cash and cash equivalents at end of period/year	24,804	15,538	24,804	15,538



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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 reserve	Retained earnings	Translation reserve	Total	Non-controlling interest	Total equity
The Group							
At 1 January 2015	24,582	75	29,763	(6)	54,414	-	54,414
Total comprehensive income for the year							
Profit for the year	-	-	4,582	-	4,582	-	4,582
Other comprehensive income for the year:-							
Foreign currency translation difference from foreign operation	-	-	-	12	12	-	12
Total comprehensive income for the year	-	-	4,582	12	4,594	-	4,594
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Shares issued for exercise of warrants	1,484	(66)	-	-	1,418	-	1,418
Dividends	-	-	(2,780)	-	(2,780)	-	(2,780)
Total transactions with owners	1,484	(66)	(2,780)	-	(1,362)	-	(1,362)
At 31 December 2015	26,066	9	31,565	6	57,646	-	57,646
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
The Company							
At 1 January 2015	24,582	75	19,055		43,712		
Total comprehensive income for the year							
Profit for the year	-	-	1,620		1,620		
Total comprehensive income for the year	-	-	1,620		1,620		
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Shares issued for exercise of warrants	1,484	(66)	-		1,418		
Dividends	-	-	(2,780)		(2,780)		
Total transactions with owners	1,484	(66)	(2,780)		(1,362)		
At 31 December 2015	26,066	9	17,895		43,970		
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		

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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 2015 to 31 December 2015, 115,000 Warrants were exercised and converted into 115,000 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.

	2015 4Q	2014 4Q
Issued and paid-up shares		
As at beginning of the period	563,557,100	417,694,000
Shares issued pursuant to exercise of warrants	115,000	4,142,200
As at end of the period	563,672,100	421,836,200
Treasury shares	NIL	NIL
Total number of issued shares excluding treasury shares as at end of the period	563,672,100	421,836,200
Total outstanding warrants as at end of the period	19,719,100	161,555,000

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 2015	As at 31 Dec 2014
Total number of shares	563,672,100	421,836,200
Less: Treasury shares	NIL	NIL
Total number of issued shares excluding treasury shares	563,672,100	421,836,200



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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 2014 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 following new/amended FRSs have become effective from 1 January 2015.

- Amendments to FRS 19 Employee Benefit Plans: Employee Contributions
- Improvements to FRSs (January 2014)
 - FRS 16 Property, Plant and Equipment
 - FRS 38 Intangible Assets
 - FRS 24 Related Party Disclosures
 - FRS 102 Share-based Payment
 - FRS 103 Business Combinations
 - FRS 108 Operating Segments
- Improvements to FRSs (February 2014)
 - FRS 103 Business Combinations
 - FRS 113 Fair Value Measurements
 - FRS 40 Investment Property

The adoption of the above FRSs (including consequential amendments) does not have any significant impact on the financial statements of the Group and of the Company for the financial year ended 31 December 2015.



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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 2015	4Q 2014	YEAR 2015	YEAR 2014
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.39	0.63	0.86	1.16
- on fully diluted basis (cents)	0.38	0.47	0.83	1.06
Weighted average number of shares in issue during the period used in computing basic EPS	563,672,100	419,254,848	534,596,149	417,365,948
Weighted average number of shares in issue during the period used in computing diluted EPS	579,931,709	559,269,182	550,855,758	460,062,627

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 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	10.23	12.90	7.80	10.36
Number of shares (issued and issuable) used in computing net asset value per ordinary share	563,672,100	421,836,200	563,672,100	421,836,200

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

The persistent pressure on profitability faced by our business partners due to the down trend in prices and oversupply in crude oil and slow-down in the China economy, continues to mount



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strong negative impact on the Group's revenue, profitability and profit margins for financial year under review.

Revenue for FY2015 of S\$76.2 million was S\$3.9 million (4.9%) lower as compared to S\$80.1 million recorded in the previous corresponding year ("FY2014"). For the quarter ended 31 December 2015 ("4Q2015"), revenue declined by 9.6% compared to the prior corresponding quarter ("4Q2014"). This is due to a lower volume of work.

Cost of sales for FY2015 is lower in tandem with the lower revenue recorded. Included in the cost of sales for 4Q2015 is a provision for foreseeable loss of S\$0.6 million on on-going projects. This provision had resulted in higher cost of sales and consequently further reduced our gross profit margins. Gross margin for FY2015 was lower due to intense competition and the award of contracts at lower prices. Consequently, gross profit for FY2015 and 4Q2015 was lower as compared to those in FY2014 and 4Q2014. For FY2015, the Group's gross profit margin was 11.8% as compared to 14.9% in FY2014.

Profit before tax for FY2015 reduced to S\$4.5 million from \$5.3 million in FY2014 mainly due to the lower revenue and profit margin.

(ii) Other income

Other income for FY2015 is higher mainly due to one-off receipts of S\$135K for Special Employment Credits from the Ministry of Manpower and Capability Development Grant of S\$317K from SPRING Singapore.

(iii) Administrative expenses

Administrative expenses for FY2015 were lower as compared to that in FY2014. The decrease was mainly due to lower maintenance expenses on the premises and lower accruals for directors' incentives in line with lower profitability recorded.

(iv) Other expenses

Other operating expenses for FY2015 were lower as compared with those in the previous financial year. Included in FY2014 were an impairment loss on goodwill of S\$635K and impairment loss of S\$130K on an asset held for sale.

The Group had since completed the disposal of the said asset held for sale.

(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

The Group recorded a tax credit of S\$71K for FY2015 as compared to a tax expense of S\$471K for FY2014.

Tax expense for FY2015 was S\$256K (including an under-provision in respect of prior years of S\$67K). However, due to a tax refund of S\$327K in respect of tax assessment for the prior year following the transfers of unutilised tax losses and capital allowances between subsidiaries under the application of group relief, the Group was able to record a tax credit of S\$71K.



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Notes to statements of financial position

Group and Company

(i) Property, plant and equipment

The decrease was mainly due to depreciation expense of S\$3.6 million offset by the acquisition of equipment and vehicles of S\$3.1 million to upgrade and enhance the Group's capabilities.

(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 in subsidiaries

Investment in subsidiaries was increased by S\$135K. During the financial year, the Company increased the capitalization of a wholly-owned subsidiary by S\$1.0 million. The increase in capitalization is to reflect the increase in business undertakings. In addition, the Company has recognized an impairment loss of S\$865K on its cost of investment in another wholly-owned subsidiary, aligning the carrying cost of investment with the net book value of the subsidiary. The Group is finalizing the process of merging and streamlining the activities with its holding company to optimize resources and harness synergy in operations.

(iv) Inventories

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

(v) Trade and other receivables

Trade and other receivables for the Group decreased due to the realisation of receivables. At the Company level, an impairment of S\$111K was recognised on the amount advanced to the wholly-owned subsidiary in Malaysia. The impairment was mainly due to the accumulated losses incurred and the impact of the depreciation in foreign currency.

(vi) Asset classified as held for sale

The sale of an investment property was completed in the first quarter of 2015.

(vii) Provision for restoration costs

The provision relates to the leasehold premises from JTC. The lease will expire in 2020.

(viii) Loans and borrowings

The decrease in loans and borrowings was due to repayment.

(ix) Deferred tax liabilities and tax payable

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

The tax payable of S\$344K comprised a tax provision of S\$289K in respect of FY2015 and S\$55K in respect of prior year.



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(x) Trade and other payables

The increase arose mainly due to amounts not yet due for payment at end of the year.

(xi) Equity

Total equity of the Group increased from S\$54.4 million (FY2014) to S\$57.6 million (FY2015). The increase was mainly attributed to the increase in retained earnings, which arose from profit generated by the Group and the increase in share capital of S\$1.4 million from the issue of new ordinary shares at the exercise price of one cent each pursuant to the conversion of the warrants, and offset by the payment of dividend of S\$2.8 million in respect of the previous financial year.

As at the end of the year, a total of 141,835,900 warrants have been exercised since the beginning of this financial year and the 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\$39.2 million (as at 31 December 2015) as compared to S\$35.9 million (as at 31 December 2014).

For FY2015, the Group recorded a higher positive net operating cash flow of S\$13.9 million as compared to S\$2.6 million in FY2014. The higher net operating cash flow is mainly attributed to lower level of inventories due to a decrease in work-in-progress and an increase in trade and other payables.

The Group's cash balance as at 31 December 2015 was S\$24.8 million, an increase of S\$9.3 million from S\$15.5 million as at 31 December 2014. This is after taking into consideration cash outlay of S\$3.1 million invested to acquire operating assets to further enhance the Group's capabilities and productivity and a payment of S\$2.8 million as dividend in respect of the previous financial year.

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.

Negative news on the health of the world second largest economy, China, continue to cause major volatility in both global financial and commodities markets.

Despite the US Federal Reserve increasing key interest rates in late 2015, signaling a recovery of the North American economy after a decade of maintaining low interest rates to stimulate economy growth, recent statements by the US Federal Reserve however cast doubts on the rate of recovery of the North American economy.

Uncertainties over the North American and Chinese economies coupled with an over-supply of crude oil globally, continue to pose challenges to our operating environment. Some of our

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business partners have started to streamline operations, including the deferring or canceling of major capital expenditures and the disposal or exit from certain business segments or markets.

Under such circumstances, the Group expects challenges in securing new works or projects. While the Group expects the maintenance contracts to provide a steady flow of work engagements, challenges in profit margins and volume of work may arise.

For FY2016, the challenges that the Group faces in FY2015 will continue and may intensify if major global economies weaken. The Group will continue its efforts to pursue business opportunities, both domestically and in the regional markets, to diversify and widen both the customer and revenue base. Such initiatives include strategic investment opportunities to enhance its range of services and products.

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:

FY2015		
Name of dividend	Final	Special
Dividend type	Cash	Cash
Amount	0.15 cent per ordinary share	0.20 cent per ordinary share
Tax rate	Tax exempt (one-tier)	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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)

(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. There was no IPT of S\$100,000 and above for the period under review.

- 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.**

FY2015

(Amount in \$'000)	Electrical, instrumentation and others		Total
	Mechanical engineering		
External revenue	63,933	12,252	76,185
Inter-segment revenue	-	2,133	2,133
Total revenue	63,933	14,385	78,318
Interest income	53	137	190
Interest expense	38	-	38
Amortisation of intangible asset	149	-	149
Depreciation of property, plant and equipment	3,204	363	3,567
Reportable segment profit before income tax	2,721	1,790	4,511
Reportable segment assets	53,211	19,423	72,634
Capital expenditure	2,160	951	3,111
Reportable segment liabilities	14,300	1,247	15,547

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	50,262	16,876	67,138
Capital expenditure	1,556	773	2,329
Reportable segment liabilities	10,889	2,398	13,287


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

(Amount in \$'000)	FY2015	FY2014
Revenue		
Total revenues for reportable segments	78,318	82,365
Elimination of inter-segment revenue	<u>(2,133)</u>	<u>(2,280)</u>
Consolidated revenue	<u>76,185</u>	<u>80,085</u>
Profit or loss		
Total profit or loss for reportable segments	4,511	5,342
Elimination of inter-segment income	<u>-</u>	<u>(10)</u>
Consolidated profit before income tax	<u>4,511</u>	<u>5,332</u>
Assets		
Total assets for reportable segments	72,634	67,138
Goodwill	1,001	1,001
Investment properties	<u>1,310</u>	<u>1,310</u>
Consolidated total assets	<u>74,945</u>	<u>69,449</u>
Liabilities		
Total liabilities for reportable segments	15,547	13,287
Current tax payable	344	178
Deferred tax liabilities	<u>1,408</u>	<u>1,570</u>
Consolidated total liabilities	<u>17,299</u>	<u>15,035</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 decreased from a lower volume of work completed. Gross margin decreased due to the competitive environment.

Revenue from the electrical, instrumentation and others segment decreased as compared to the prior year. Gross margin in this segment similarly decrease due to tight competition.

(refer to para 8 above)

16. A breakdown of sales as follows:

	FY2015	Group	
	\$'000	FY2014	Change
		\$'000	(%)
Sales for first half year	32,773	37,599	(12.8)
Operating profit after tax due to owners of Company for first half year	1,250	1,743	(28.3)
Sales for second half year	43,412	42,486	2.2
Operating profit after tax due to owners of Company for second half year	3,332	3,118	6.9

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

	FY2015 \$'000	FY2014 \$'000
<u>Ordinary shares:</u>		
Proposed Final dividend, tax exempt (one-Tier)	846	834
Proposed Special dividend, tax exempt (one-Tier)	1,127	1,946
Total	1,973	2,780
	(Refer to Note)	

Note: Dividend payable for FY2015 is based on the total issued ordinary shares as at 31 December 2015.

The amount is subjected to change when warrants are exercised.

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

18. Confirmation of undertakings from Directors and Executive Officers pursuant to Rule 720(1)

The Company confirms that it has procured the undertakings from all its Directors and Executive Officers in the format as set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

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19. 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)	Executive Chairlady cum CEO 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	Also assumed the role of CEO from 1 September 2015 following the resignation of Quek Chiau Liong as Managing Director on 31 August 2015
Quek Kian Hui	31	Son of Cheng Woei Fen (Executive Chairlady cum CEO)	Executive Director Management of wholly-owned subsidiary, Wing Wah Industrial Services Pte Ltd and assist the Chairlady cum CEO in the operations of Mun Siong Engineering Limited (the holding company). Year when position was first held: 2014	N.A

20. 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.

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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, 147,037,100 warrants had been exercised since the issue of the warrants and a total proceed of about S\$1.47 million was raised and the status of the proceeds is as follow:

	Amount (S\$'000)
Proceeds from warrants conversion	1,470
Purchase of vehicles	(407)
Purchase of equipment	(618)
Purchase of materials and services for operations	(443)
Balance	2

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 2014 S\$'000	1st Qtr 2015 S\$'000	2nd Qtr 2015 S\$'000	3rd Qtr 2015 S\$'000	4th Qtr 2015 S\$'000		
To establish a regional presence	4,000	-	(1,781)	(9)	-	-	-	(1,790)	2,210
To establish an engineering design centre and upgrade of existing database management system	1,000	-	(541)	(79)	(1)	-	-	(621)	379
Widening the range of services available to our customers	12,500	(7,709)	(4,791)	-	-	-	-	(4,791)	-
Working Capital	1,400	7,709	(9,109)	-	-	-	-	(9,109)	-
Total	18,900	-	(16,222)	(88)	(1)	-	-	(16,311)	2,589

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

BY ORDER OF THE BOARD

CHENG WOEI FEN
Executive Chairlady

19th FEBRUARY 2016



MUN SIONG ENGINEERING LIMITED

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NEWS RELEASE

MUN SIONG ENGINEERING DELIVERED STRONG CASH FLOW AND ACHIEVED \$4.5 MILLION
PROFIT BEFORE TAX FOR FY2015

Singapore, 19th February 2016 - Mainboard listed Mun Siong Engineering Limited (“Mun Siong”) and its subsidiaries (“Group”), a turnkey solution provider to the process industry in Singapore, reported a net profit before tax of approximately \$4.5 million for the full year ended 31 December 2015, a decrease of approximately 15.4% as compared to \$5.3 million for the previous corresponding year.

With the concerns over economic growth, coupled with buoyant global oil production and a sustained period of low oil prices; some are sceptical about whether oil demand will warrant sufficient momentum for major investment projects to kick off. In the face of such uncertainty, it was important for the Group to drive short-term performance while ensuring we made the right decisions to deliver our long-term goals to continue seeking opportunities to expand our customers’ base and to improve our work productivity.

For the financial year ending 31st December 2015, we delivered strong cash flow for the year with S\$24.8 million, an improvement of 59.6% over the corresponding prior year. Our strong balance sheet allows us to continue to look for opportunities to acquire new machines and equipment to mechanise and improve the work methods to ensure a safer and more productive working environment.

The Executive Chairlady of the Group, Ms. Cheng Woei Fen is pleased with the Group’s performance under the challenging environment to achieve consolidated revenue of approximately \$76.2 million for financial year 2015.

Continuing to reward shareholders, the Company is proposing a total cash dividend payment of 0.35 cents per share tax-exempt (one-tier) comprising a final dividend of 0.15 cents and a special dividend of 0.20 cents per share for approval at the forthcoming annual general meeting. The estimated payout (assuming all outstanding warrants are duly exercised by the books closure date) is approximately \$2.0 million, equivalent to 44.6% of the Group's profit after tax. This translates to a dividend yield of 6.4% based on the last traded share price of 5.5 cents on 15th February 2016.

The Group will continue working jointly with business partners on government supported initiatives to improve on productivity, skill training and effectively utilization of the manpower to control rising operating cost and keen competition in the market.

***** End of Release*****

About Mun Siong Engineering Limited (SGX Stock Code: MF6, Bloomberg: MSE: SP, Reuters: MSEL.SI)

Mun Siong Engineering Limited (文祥机械工程公司) a well-diversified group of companies with its core business in providing plant services and turnkey projects in piping and steel structure fabrication, static and rotating mechanical equipment detailed engineering and supply; electrical and instrumentation services and scaffolding works for process plants and modules for the oil, gas, petrochemicals, energy, chemicals and power industries.

The Mun Siong Group offers a range of products and services. Under the subsidiary, Wing Wah Industrial Services, we distribute, service and package pump skids like Edwards Vacuum Pumps, Weir Minerals- Floway pumps; Weir Gabbioneta pumps; Hughes pumps; Ampco Pumps and STB seals. As an integrated service provider, Mun Siong Group is also able to provide design and engineering solutions and the ability to deliver superior quality products and services to its customers.

In 2014, Mun Siong Group has won one WSH Performance Awards (Silver); a WSH Award for Supervisors as well as a Silver award in WSH Innovation Award 2014. The award is given out by the organisers in recognition of companies for their commitment and efforts in eliminating or controlling workplace safety and health hazard, as well as innovative solutions which improve safety and health outcomes.

For more information and media enquiries, please contact:

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