

## Financial Statements and Related Announcement::Third Quarter Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	MUN SIONG ENGINEERING LIMITED
<b>Securities</b>	MUN SIONG ENGINEERING LIMITED - SG2C34962861 - MF6
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
<b>Date &amp; Time of Broadcast</b>	04-Nov-2016 18:23:30
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<b>Announcement Sub Title</b>	Third Quarter Results
<b>Announcement Reference</b>	SG161104OTHRDFJ0
<b>Submitted By (Co./ Ind. Name)</b>	Seah Hai Yang
<b>Designation</b>	Company Secretary
<b>Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)</b>	FY2016 THIRD QUARTER FINANCIAL STATEMENTS Please refer to the attached and the accompanying News Release.

## Additional Details

<b>For Financial Period Ended</b>	30/09/2016
<b>Attachments</b>	<a href="#">MSE-20161104-SGXNET-ANN-FY2016 Q3-Results.pdf</a> <a href="#">MSE-20161104-SGXNET-ANN-FY2016 Q3-Results-News Rel.pdf</a> Total size =458K

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**MUN SIONG ENGINEERING LIMITED**

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
PERIOD ENDED 30 SEPTEMBER 2016



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

**THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016**

**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		Incr / (Decr)	YTD ended 30 Sep		Incr / (Decr)
	2016	2015		2016	2015	
	3Q	3Q	9-MTH	9-MTH		
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	27,046	20,674	30.8	66,805	53,447	25.0
Cost of sales	(26,985)	(18,130)	48.8	(64,111)	(47,570)	34.8
Gross profit	61	2,544	(97.6)	2,694	5,877	(54.2)
Other income	496	458	8.3	1,423	1,236	15.1
Administrative expenses	(1,404)	(1,542)	(8.9)	(4,429)	(4,662)	(5.0)
Other operating income/(expenses)	1	(27)	(103.7)	(9)	(34)	(73.5)
<b>Results from operating activities</b>	<b>(846)</b>	<b>1,433</b>	<b>(159.0)</b>	<b>(321)</b>	<b>2,417</b>	<b>(113.3)</b>
Finance costs	(10)	(10)	-	(29)	(29)	-
<b>(Loss)/Profit before income tax</b>	<b>(856)</b>	<b>1,423</b>	<b>(160.2)</b>	<b>(350)</b>	<b>2,388</b>	<b>(114.7)</b>
Income tax credit/(expense)	445	(314)	(241.7)	569	(29)	NM
<b>(Loss)/Profit after income tax</b>	<b>(411)</b>	<b>1,109</b>	<b>(137.1)</b>	<b>219</b>	<b>2,359</b>	<b>(90.7)</b>
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified</b>						
<b>subsequently to profit or loss:</b>						
Foreign currency translation difference from foreign operation	1	10	(90.0)	(2)	15	(113.3)
<b>Total comprehensive (loss)/ income</b>	<b>(410)</b>	<b>1,119</b>	<b>(136.6)</b>	<b>217</b>	<b>2,374</b>	<b>(90.9)</b>
<b>(Loss)/Profit attributable to:</b>						
Owners of the Company	<b>(411)</b>	<b>1,109</b>	<b>(137.1)</b>	<b>219</b>	<b>2,359</b>	<b>(90.7)</b>
<b>Total comprehensive (loss)/income attributable to:</b>						
Owners of the Company	<b>(410)</b>	<b>1,119</b>	<b>(136.6)</b>	<b>217</b>	<b>2,374</b>	<b>(90.9)</b>

NM: Not meaningful

**MUN SIONG ENGINEERING LIMITED**

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(Company registration number: 196900250M)

**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	
	FY2016	FY2015	FY2016	FY2015
	Q3	Q3	9-MTH	9-MTH
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	908	872	2,674	2,668
Amortisation of intangible asset	37	37	111	111
Writeback for foreseeable loss	(157)	-	(553)	-
Net gain on disposal of property, plant and equipment	(27)	(1)	(31)	(26)
Interest income	(77)	(61)	(192)	(133)
Interest on borrowings	10	10	29	29
Property, plant and equipment written off	-	21	-	21
Net foreign exchange (gain) / loss	-	6	9	13
Under / (over) provision for prior year tax expense	5	-	(2)	(317)



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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'16 \$'000	31 Dec'15 \$'000	Change %	30 Sep'16 \$'000	31 Dec'15 \$'000	Change %
<b>Non-current assets</b>						
Property, plant and equipment	17,295	16,789	3.0	17,345	14,795	17.2
Intangible asset	929	1,040	(10.7)	929	1,040	(10.7)
Investment properties	1,310	1,310	-	1,310	1,310	-
Goodwill on consolidation	1,001	1,001	-	-	-	NM
Subsidiaries	-	-	NM	5,336	4,436	20.3
<b>Total non-current assets</b>	<b>20,535</b>	<b>20,140</b>	<b>2.0</b>	<b>24,920</b>	<b>21,581</b>	<b>15.5</b>
<b>Current assets</b>						
Inventories	250	146	71.2	249	146	70.5
Contract work-in-progress	14,598	8,601	69.7	13,635	7,312	86.5
Trade and other receivables	25,628	21,254	20.6	24,718	20,002	23.6
Cash and cash equivalents	18,014	24,804	(27.4)	2,861	11,140	(74.3)
<b>Total current assets</b>	<b>58,490</b>	<b>54,805</b>	<b>6.7</b>	<b>41,463</b>	<b>38,600</b>	<b>7.4</b>
<b>Total assets</b>	<b>79,025</b>	<b>74,945</b>	<b>5.4</b>	<b>66,383</b>	<b>60,181</b>	<b>10.3</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	26,122	26,066	0.2	26,122	26,066	0.2
Capital reserve	7	9	(22.2)	7	9	(22.2)
Translation reserve	4	6	(33.3)	-	-	NM
Retained earnings	29,803	31,565	(5.6)	15,321	17,895	(14.4)
<b>Total equity attributable to owners of the Company</b>	<b>55,936</b>	<b>57,646</b>	<b>(3.0)</b>	<b>41,450</b>	<b>43,970</b>	<b>(5.7)</b>
<b>Non-current liabilities</b>						
Provision for restoration costs	316	304	3.9	316	304	3.9
Deferred tax liabilities	722	1,408	(48.7)	621	1,281	(51.5)
<b>Total non-current liabilities</b>	<b>1,038</b>	<b>1,712</b>	<b>(39.4)</b>	<b>937</b>	<b>1,585</b>	<b>(40.9)</b>
<b>Current liabilities</b>						
Trade and other payables	21,818	13,165	65.7	23,894	12,305	94.2
Excess of progress billings over contract work-in-progress	15	1,380	(98.9)	-	1,377	(100.0)
Loans and borrowings	102	698	(85.4)	102	698	(85.4)
Current tax payable	116	344	(66.3)	-	246	(100.0)
<b>Total current liabilities</b>	<b>22,051</b>	<b>15,587</b>	<b>41.5</b>	<b>23,996</b>	<b>14,626</b>	<b>64.1</b>
<b>Total liabilities</b>	<b>23,089</b>	<b>17,299</b>	<b>33.5</b>	<b>24,933</b>	<b>16,211</b>	<b>53.8</b>
<b>Total equity and liabilities</b>	<b>79,025</b>	<b>74,945</b>	<b>5.4</b>	<b>66,383</b>	<b>60,181</b>	<b>10.3</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 2016</b>		<b>31 December 2015</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
102	-	698	-

***Amount repayable after one year***

<b>30 September 2016</b>		<b>31 December 2015</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

**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**

	2016 3Q	2015 3Q	2016 9-MTH	2015 9-MTH
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before income tax	(856)	1,423	(350)	2,388
Adjustments for:				
Depreciation of property, plant and equipment	908	872	2,674	2,668
Interest expense	10	10	29	29
Amortisation of intangible asset	37	37	111	111
Property, plant and equipment written off	-	21	-	21
Interest income	(77)	(61)	(192)	(133)
Net gain on disposal of property, plant and equipment	(27)	(1)	(31)	(26)
Writeback for foreseeable loss	(157)	-	(553)	-
Operating cash flow before working capital changes	(162)	2,301	1,688	5,058
Changes in inventories	(46)	76	(103)	61
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	(7,280)	(4,333)	(6,811)	(588)
Changes in trade and other receivables	(7,069)	(3,213)	(4,374)	6,369
Changes in trade and other payables	7,919	1,106	8,652	(2,052)
Changes in provision for restoration costs	4	4	12	180
Cash generated from/(used in) operating activities	(6,634)	(4,059)	(936)	9,028
Tax credit received	-	-	9	327
Income tax paid	(147)	(69)	(354)	(168)
<b>Net cash (used in)/generated from operating activities</b>	<b>(6,781)</b>	<b>(4,128)</b>	<b>(1,281)</b>	<b>9,187</b>
<b>Cash flows from investing activities</b>				
Interest received	77	61	192	133
Proceeds from disposal of property, plant and equipment	1,830	2	1,855	27
Acquisition of property, plant and equipment	(4,117)	(467)	(5,003)	(2,502)
Proceeds from disposal of asset classified as held for sale	-	-	-	180
<b>Net cash used in investing activities</b>	<b>(2,210)</b>	<b>(404)</b>	<b>(2,956)</b>	<b>(2,162)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of warrants	14	74	54	1,417
Repayment of loans and borrowings	(198)	(199)	(595)	(595)
Dividends paid in respect of previous year	-	-	(1,981)	(2,780)
Interest paid	(10)	(10)	(29)	(29)
<b>Net cash used in financing activities</b>	<b>(194)</b>	<b>(135)</b>	<b>(2,551)</b>	<b>(1,987)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9,185)</b>	<b>(4,667)</b>	<b>(6,788)</b>	<b>5,038</b>
Cash and cash equivalents at beginning of period	27,198	25,248	24,804	15,538
Effect of exchange rate fluctuations on cash held	1	10	(2)	15
<b>Cash and cash equivalents at end of period</b>	<b>18,014</b>	<b>20,591</b>	<b>18,014</b>	<b>20,591</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	Capital reserve	Retained earnings	Translation reserve	Total equity
<b>The Group</b>					
At 1 January 2016	26,066	9	31,565	6	57,646
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	219	-	219
Other comprehensive income for the period:-					
Foreign currency translation difference from foreign operation	-	-	-	(2)	(2)
Total comprehensive income for the period	-	-	219	(2)	217
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	56	(2)	-	-	54
Dividends	-	-	(1,981)	-	(1,981)
Total transactions with owners	56	(2)	(1,981)	-	(1,927)
<b>At 30 September 2016</b>	<b>26,122</b>	<b>7</b>	<b>29,803</b>	<b>4</b>	<b>55,936</b>
At 1 January 2015	24,582	75	29,763	(6)	54,414
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	2,359	-	2,359
Other comprehensive income for the period:-					
Foreign currency translation difference from foreign operation	-	-	-	15	15
Total comprehensive income for the period	-	-	2,359	15	2,374
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	1,483	(66)	-	-	1,417
Dividends	-	-	(2,781)	-	(2,781)
Total transactions with owners	1,483	(66)	(2,781)	-	(1,364)
<b>At 30 September 2015</b>	<b>26,065</b>	<b>9</b>	<b>29,341</b>	<b>9</b>	<b>55,424</b>
<b>The Company</b>					
At 1 January 2016	26,066	9	17,895		43,970
<b>Total comprehensive loss for the period</b>					
Loss for the period	-	-	(593)		(593)
Total comprehensive loss for the period	-	-	(593)		(593)
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	56	(2)	-		54
Dividends	-	-	(1,981)		(1,981)
Total transactions with owners	56	(2)	(1,981)		(1,927)
<b>At 30 September 2016</b>	<b>26,122</b>	<b>7</b>	<b>15,321</b>		<b>41,450</b>
At 1 January 2015	24,582	75	19,055		43,712
<b>Total comprehensive loss for the period</b>					
Profit for the period	-	-	912		912
Total comprehensive income for the period	-	-	912		912
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	1,483	(66)	-		1,417
Dividends	-	-	(2,781)		(2,781)
Total transactions with owners	1,483	(66)	(2,781)		(1,364)
<b>At 30 September 2015</b>	<b>26,065</b>	<b>9</b>	<b>17,186</b>		<b>43,260</b>

**MUN SIONG ENGINEERING LIMITED**

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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 July 2016 to 30 September 2016, 1,354,100 Warrants were exercised and converted into 1,354,100 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.

	<b>2016 3Q</b>	<b>2015 3Q</b>
<b>Issued and paid-up shares</b>		
As at beginning of the period	567,745,100	556,189,100
Shares issued pursuant to exercise of warrants	1,354,100	7,368,000
As at end of the period	<u>569,099,200</u>	<u>563,557,100</u>
<b>Treasury shares</b>	NIL	NIL
<b>Total number of issued shares excluding treasury shares as at end of the period</b>	<u>569,099,200</u>	<u>563,557,100</u>
<b>Total outstanding warrants as at end of the period</b>	<u>15,646,100</u>	<u>27,202,100</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.**

	<b>As at 30 Sep 2016</b>	<b>As at 31 Dec 2015</b>
Total number of shares	569,099,200	563,672,100
Less: Treasury shares	<u>NIL</u>	<u>NIL</u>
Total number of issued shares excluding treasury shares	<u>569,099,200</u>	<u>563,672,100</u>

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

Not applicable. There were no treasury shares.



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**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 2015 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 2016:

Amendments to FRSs

- FRS 1 Presentation of Financial Statements
- FRS 16 Property, Plant and Equipment
- FRS 27 Separate Financial Statements
- FRS 28 Investments in Associates and Joint Ventures
- FRS 38 Intangible Assets
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosure of interests in other entities

Improvements to FRSs (November 2014)

- FRS 19 Employee Benefit Plans: Employee Contributions
- FRS 105 Non-current Assets Held for Sale and Discontinued Operations

The adoption of the above FRSs (including consequential amendments) does not have any significant impact on the financial statements for the financial period ended 30 September 2016.

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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	
	3Q 2016	3Q 2015	9-MTH 2016	9-MTH 2015
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	(0.07)	0.20	0.04	0.45
- on fully diluted basis (cents)	(0.07)	0.19	0.04	0.44
Weighted average number of shares in issue during the period used in computing basic EPS	568,694,608	559,487,957	566,455,049	524,762,060
Weighted average number of shares in issue during the period used in computing diluted EPS	580,915,303	576,447,550	578,675,745	541,721,652

**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	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.83	10.23	7.28	7.80
Number of shares (issued and issuable) used in computing net asset value per ordinary share	569,099,200	563,672,100	569,099,200	563,672,100

**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**

Revenue for the current quarter (3Q2016) of S\$27.0 million was 30.8% higher than that in the corresponding prior quarter (3Q2015) with higher volume of project work completed during the current period under review.



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Cost of sales for 3Q2016 increased in tandem with the higher revenue and higher direct operating cost.

Despite the higher revenue recorded, gross profit margin for the quarter declined to 0.2% from 12.3% in the corresponding prior quarter. Gross profit margin declined to 4.0% for 9-MTH 2016 from 11.0% for 9-MTH 2015. The significant decline was due to higher cost incurred and competitive pricing for the projects undertaken.

The Group recorded a loss before taxation of \$856K for 3Q2016 and a loss of \$350K for the 9-MTH 2016.

(ii) Other income

Included in Other Income are receipts of Special Employment Credits from the Ministry of Manpower and Wage Credit Scheme payout from IRAS for 2015 and a Capability Development Grant of S\$240K from Spring Singapore.

(iii) Administrative expenses

Administrative expenses for 9-MTH 2016 were lower as compared the prior corresponding period mainly due to the absence of a contribution towards participation in the CII initiative for an integrated approach to Management Practices & Productivity Measurement for the Singapore Chemical Industry.

(iv) Other expenses

The Group recorded a net loss for 9-MTH 2016 arising from foreign exchange transactions.

(v) Finance expenses

The finance cost refers to the hire purchase interest incurred on the financing of operating equipment acquired in 2012.

(vi) Income tax (expense) / credit

The Group recorded a tax credit of S\$569K for the 9-MTH 2016 as compared to a tax expense of S\$29K in the corresponding prior period.

The tax credit was mainly from writeback of deferred tax liability. The writeback of deferred tax liability arose from the availability of tax loss and capital allowance for offsetting against future taxable profits.

The tax expense for the corresponding prior period included a refund in respect of tax assessment for prior years following the transfers of unutilized tax losses and capital allowances between subsidiaries under the application of group relief.

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

***Group and Company***

(i) Property, plant and equipment

The increase was mainly due to the acquisition of operating assets of S\$5.0 million to upgrade and enhance the Group's operating capabilities offset by the depreciation expense of S\$2.7 million and a disposal of S\$1.8 million.



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(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) Investment in subsidiaries

Investment in subsidiaries increased by S\$0.9 million following the additional cash subscription in the share capital of OHM Engineering Pte Ltd ("OHM") as announced on 1 March 2016. The additional investment will empower OHM with greater flexibility to further increase the number and dollar value of projects that it can undertake.

(iv) Inventories and contract work-in-progress

The increase in contract work-in-progress was mainly due higher volume of contract work in progress.

(v) Trade and other receivables

Trade and other receivables increased in tandem with the higher revenue recorded during the quarter.

(vii) Loans and borrowings

The decrease in loans and borrowings was mainly due to the repayment of hire purchase instalments. The outstanding amount will be fully re-paid within the current financial year.

(viii) Trade and other payables

The increase was due to higher volume of operating expenses incurred for the quarter.

(ix) Deferred tax liabilities and tax payable

The 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 decrease in deferred tax liabilities arose after accounting for unutilized tax loss and capital allowance (including PIC allowance). These tax loss and capital allowance can be offset against future taxable profits.

The tax payable decreased mainly due to settlement of the tax assessment in respect of the prior year.

(x) Equity

Group's shareholders' fund decreased from S\$57.6 million as at 31 December 2015 to S\$55.9 million as at 30 September 2016. The decrease was mainly attributed to the payment of dividend (S\$2.0 million in respect of FYT2015) and offset by both the increase in revenue reserve and share capital of S\$0.2 million (operating profit) and S\$0.1 million (new shares issued arising from the exercise of warrants) respectively.

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

The Group working capital (current assets less current liabilities) was S\$36.4 million (as at 30 September 2016) as compared with S\$39.2 million (as at 31 December 2015).



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For the 9-MTH period, the net operating cash outflow of S\$0.9 million were attributed to mobilization cost (cost incurred at the pre-execution stage of a project) and trade receivables.

The Group's cash balance as at 30 September 2016 was S\$18.0 million, an decrease of S\$6.8 million from S\$24.8 million as at 31 December 2015. This is after taking into consideration net cash outlay of S\$3.1 million invested to acquire operating assets to upgrade and further enhance the Group's capabilities and productivity, the payment of dividend of S\$2.0 million in respect of the previous financial year and S\$0.6 million to repay borrowings.

**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.**

In the 2Q2016 results announcement, under para 10, the Group has highlighted that it is faced with intense competition and business partners awarding works at lower prices while maintaining or in many instances widening the scope of work. These negative factors continue to affect the Group's financial performance significantly and would likely persist into 4Q2016.

Beside these, our business partners have significantly reduced their capital expenditure on their plants and facilities. This has reduced the number and dollar value of jobs (other than routine maintenance works) significantly.

It is unlikely that these negative factors would subside (and in all likelihood it may intensify) in FY2017.

In light of the above developments, the Group faces strong challenges in maintaining its profitability.

The Group currently holds a portfolio of maintenance contracts ranging from petrochemical plants to refineries and facilities. Currently, the Group is reviewing its commitments to these maintenance contracts – especially those due for renewal. The Group will work with business partners to seek renewals on a mutually beneficial basis.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

No interim dividend for the three months ended 30 September 2016 is recommended.

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

Not applicable.





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**(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 three months ended 30 September 2016 is recommended.

**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. Use of Proceeds from IPO and Warrant Issue - Update**

**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, 152,577,200 warrants had been exercised since the issue of the warrants and a total proceed of about S\$1.53 million was raised and the status of the proceeds is as follow:

	<b>Amount (S\$'000)</b>
Proceeds from warrants conversion	1,526
Purchase of vehicles	(407)
Purchase of equipment	(618)
Purchase of materials and services for operations	(443)
<b>Balance</b>	<b>58</b>

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## 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 2015 S\$'000	1st Qtr 2016 S\$'000	2nd Qtr 2016 S\$'000	3rd Qtr 2016 S\$'000		
To establish a regional presence	4,000	-	(1,790)	(3)	-	(11)	(1,804)	2,196
To establish an engineering design centre and upgrade of existing database management system	1,000	-	(621)	(53)	-	-	(674)	326
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)	-
<b>Total</b>	<b>18,900</b>	<b>-</b>	<b>(16,311)</b>	<b>(56)</b>	<b>-</b>	<b>(11)</b>	<b>(16,378)</b>	<b>2,522</b>

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 2016 to be false or misleading in any material respect.

**16. 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.

**BY ORDER OF THE BOARD**

**CHENG WOEI FEN**  
**EXECUTIVE CHAIRLADY**

**4 November 2016**



**MUN SIONG ENGINEERING LIMITED**  
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## NEWS RELEASE

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**Singapore, 4 November 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 loss before tax of approximately S\$0.35 million for the nine months period (9-MTH) as compared with a net profit before tax of S\$2.39 million in the corresponding period in 2015.

The outlook for the process industry in Singapore continues to be challenging. Current economic indicators for the oil and gas sector are not encouraging with oil majors and plant owners tightening their expenditure. The Group will maintain a prudent approach and be selective in bidding for new jobs or projects.

\*\*\*\*\* 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. 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 2015 and 2014, Mun Siong Group won the WSH Workplace Safety & Health Performance Award (Silver), and a WSH Award for Supervisors, as well as a WSH Innovation Award (Silver) in 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.*

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