

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

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

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	17-Feb-2017 19:28:37
Status	New
Announcement Sub Title	Full Yearly Results
Announcement Reference	SG170217OTHREDW3
Submitted By (Co./ Ind. Name)	Seah Hai Yang
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	FY2016 FULL YEAR FINANCIAL STATEMENTS Please refer to the attached and the accompanying News Release.

Additional Details

For Financial Period Ended	31/12/2016
Attachments	MSE-20170217-SGXNET-ANN-FY2016_YR-Results.pdf MSE-20170217-SGXNET-ANN-FY2016_YR-Results-New_Rel.pdf Total size =405K



MUN SIONG ENGINEERING LIMITED

**FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND
DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**



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 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 31 Dec		Incr / (Decr)	YTD ended 31 Dec		Incr / (Decr)
	2016	2015		2016	2015	
	4Q	4Q	YEAR	YEAR		
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	27,536	22,738	21.1	94,341	76,185	23.8
Cost of sales	(23,533)	(19,621)	19.9	(87,644)	(67,191)	30.4
Gross profit	4,003	3,117	28.4	6,697	8,994	(25.5)
Other income	338	557	(39.3)	1,761	1,793	(1.8)
Administrative expenses	(1,570)	(1,548)	1.4	(5,999)	(6,210)	(3.4)
Other operating income/(expenses)	2	6	66.7	(7)	(28)	(75.0)
Results from operating activities	2,773	2,132	30.1	2,452	4,549	(46.1)
Finance costs	(4)	(9)	(55.6)	(33)	(38)	(13.2)
Profit before income tax	2,769	2,123	30.4	2,419	4,511	(46.4)
Income tax (expense)/credit	(367)	100	467.0	202	71	(184.5)
Profit after income tax	2,402	2,223	8.1	2,621	4,582	(42.8)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation difference from foreign operation	5	(3)	266.7	3	12	(75.0)
Total comprehensive income	2,407	2,220	8.4	2,624	4,594	(42.9)
Profit attributable to:						
Owners of the Company	2,402	2,223	8.1	2,621	4,582	(42.8)
Total comprehensive income attributable to:						
Owners of the Company	2,407	2,220	8.4	2,624	4,594	(42.9)

NM: Not meaningful

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

	Group		Group	
	Qtr ended 31 Dec		YTD ended 31 Dec	
	FY2016	FY2015	FY2016	FY2015
	Q4	Q4	YEAR	YEAR
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	985	899	3,659	3,567
Amortisation of intangible asset	38	38	149	149
Provision for foreseeable loss	-	553	-	553
Net gain on disposal of property, plant and equipment	(91)	(45)	(122)	(71)
Interest income	(63)	(57)	(255)	(190)
Interest on borrowings	4	9	33	38
Property, plant and equipment written off	-	-	-	21
Net foreign exchange (gain)/loss	(2)	(7)	7	6
(Over)/under provision for prior year tax expense	(81)	58	(83)	(259)


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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'16 \$'000	31 Dec'15 \$'000	Change %	31 Dec'16 \$'000	31 Dec'15 \$'000	Change %
Non-current assets						
Property, plant and equipment	17,102	16,789	1.9	17,088	14,795	15.5
Intangible asset	891	1,040	(14.3)	891	1,040	(14.3)
Investment properties	1,310	1,310	-	1,310	1,310	-
Goodwill on consolidation	1,001	1,001	-	-	-	NM
Subsidiaries	-	-	NM	4,741	4,436	6.9
Total non-current assets	20,304	20,140	0.8	24,030	21,581	11.3
Current assets						
Inventories	259	146	77.4	259	146	77.4
Contract work-in-progress	12,407	8,601	44.3	11,603	7,312	58.7
Trade and other receivables	22,369	21,254	5.2	20,731	20,002	3.6
Cash and cash equivalents	18,211	24,804	(26.6)	5,725	11,140	(48.6)
Total current assets	53,246	54,805	(2.8)	38,318	38,600	(0.7)
Total assets	73,550	74,945	(1.9)	62,348	60,181	3.6
Equity attributable to equity holders of the Company						
Share capital	26,130	26,066	0.2	26,130	26,066	0.2
Capital reserve	6	9	(33.3)	6	9	(33.3)
Translation reserve	9	6	50.0	-	-	NM
Retained earnings	32,205	31,565	2.0	18,701	17,895	4.5
Total equity attributable to owners of the Company	58,350	57,646	1.2	44,837	43,970	2.0
Non-current liabilities						
Provision for restoration costs	320	304	5.3	320	304	5.3
Deferred tax liabilities	1,286	1,408	(8.7)	1,281	1,281	-
Total non-current liabilities	1,606	1,712	(6.2)	1,601	1,585	1.0
Current liabilities						
Trade and other payables	13,289	13,165	0.9	15,644	12,305	27.1
Excess of progress billings over contract work-in-progress	266	1,380	(80.7)	266	1,377	(80.7)
Loans and borrowings	-	698	(100.0)	-	698	(100.0)
Current tax payable	39	344	(88.7)	-	246	(100.0)
Total current liabilities	13,594	15,587	(12.8)	15,910	14,626	8.8
Total liabilities	15,200	17,299	(12.1)	17,511	16,211	8.0
Total equity and liabilities	73,550	74,945	(1.9)	62,348	60,181	3.6

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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 2016		31 December 2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	698	-

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

31 December 2016		31 December 2015	
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.

The borrowings have been fully paid at the end of the financial year.


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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 4Q	2015 4Q	2016 YEAR	2015 YEAR
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before income tax	2,769	2,123	2,419	4,511
Adjustments for:				
Depreciation of property, plant and equipment	985	899	3,659	3,567
Interest expense	4	9	33	38
Amortisation of intangible asset	38	38	149	149
Property, plant and equipment written off	-	-	-	21
Interest income	(63)	(57)	(255)	(190)
Net gain on disposal of property, plant and equipment	(91)	(45)	(122)	(71)
Provision for foreseeable loss	-	553	-	553
Operating cash flow before working capital changes	3,642	3,520	5,883	8,578
Changes in inventories	(10)	43	(113)	104
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	2,444	3,499	(4,920)	2,910
Changes in trade and other receivables	3,259	(5,742)	(1,115)	627
Changes in trade and other payables	(8,528)	3,556	124	1,505
Changes in provision for restoration costs	4	4	16	184
Cash generated from/(used in) operating activities	811	4,880	(125)	13,908
Tax credit received	120	-	129	328
Income tax paid	-	(23)	(354)	(191)
Net cash generated from/(used in) operating activities	931	4,857	(350)	14,045
Cash flows from investing activities				
Interest received	63	57	255	190
Proceeds from disposal of property, plant and equipment	91	116	130	143
Acquisition of property, plant and equipment	(793)	(608)	(3,980)	(3,111)
Proceeds from disposal of asset classified as held for sale	-	-	-	180
Net cash used in investing activities	(639)	(435)	(3,595)	(2,598)
Cash flows from financing activities				
Proceeds from exercise of warrants	7	1	61	1,418
Repayment of loans and borrowings	(103)	(198)	(698)	(793)
Dividends paid in respect of previous year	-	-	(1,981)	(2,780)
Interest paid	(4)	(9)	(33)	(38)
Net cash used in financing activities	(100)	(206)	(2,651)	(2,193)
Net increase/(decrease) in cash and cash equivalents	192	4,216	(6,596)	9,254
Cash and cash equivalents at beginning of period/year	18,014	20,591	24,804	15,538
Effect of exchange rate fluctuations on cash held	5	(3)	3	12
Cash and cash equivalents at end of period/year	18,211	24,804	18,211	24,804



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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
The Group					
At 1 January 2016	26,066	9	31,565	6	57,646
Total comprehensive income for the year					
Profit for the year	-	-	2,621	-	2,621
Other comprehensive income for the year:-					
Foreign currency translation difference from foreign operation	-	-	-	3	3
Total comprehensive income for the year	-	-	2,621	3	2,624
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Shares issued for exercise of warrants	64	(3)	-	-	61
Dividends	-	-	(1,981)	-	(1,981)
Total transactions with owners	64	(3)	(1,981)	-	(1,920)
At 31 December 2016	26,130	6	32,205	9	58,350
At 1 January 2015	24,582	75	29,763	(6)	54,414
Total comprehensive income for the year					
Profit for the year	-	-	4,582	-	4,582
Other comprehensive income for the year:-					
Foreign currency translation difference from foreign operation	-	-	-	12	12
Total comprehensive income for the year	-	-	4,582	12	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
Dividends	-	-	(2,780)	-	(2,780)
Changes in ownership interests in subsidiary					
Additional investment in subsidiary	-	-	-	-	-
Total transactions with owners	1,484	(66)	(2,780)	-	(1,362)
At 31 December 2015	26,066	9	31,565	6	57,646
The Company					
At 1 January 2016	26,066	9	17,895		43,970
Total comprehensive income for the year					
Profit for the year	-	-	2,787		2,787
Total comprehensive income for the year	-	-	2,787		2,787
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Shares issued for exercise of warrants	64	(3)	-		61
Dividends	-	-	(1,981)		(1,981)
Total transactions with owners	64	(3)	(1,981)		(1,920)
At 31 December 2016	26,130	6	18,701		44,837
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

**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 October 2016 to 31 December 2016, 693,900 Warrants were exercised and converted into 693,900 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.

	2016	2015
	4Q	4Q
Issued and paid-up shares		
As at beginning of the period	569,099,200	563,557,100
Shares issued pursuant to exercise of warrants	693,900	115,000
As at end of the period	<u>569,793,100</u>	<u>563,672,100</u>
Treasury shares	NIL	NIL
Total number of issued shares excluding treasury shares as at end of the period	<u>569,793,100</u>	<u>563,672,100</u>
Total outstanding warrants as at end of the period	<u>13,598,100</u>	<u>19,719,100</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.

	As at 31 Dec 2016	As at 31 Dec 2015
Total number of shares	569,793,100	563,672,100
Less: Treasury shares	<u>NIL</u>	<u>NIL</u>
Total number of issued shares excluding treasury shares	<u>569,793,100</u>	<u>563,672,100</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 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.

On 1 January 2016, the Group adopted new and amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

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 2016	4Q 2015	YEAR 2016	YEAR 2015
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.42	0.39	0.46	0.86
- on fully diluted basis (cents)	0.41	0.38	0.45	0.83
Weighted average number of shares in issue during the period used in computing basic EPS	569,344,590	563,672,100	566,931,390	534,596,149
Weighted average number of shares in issue during the period used in computing diluted EPS	581,176,703	579,931,709	578,763,503	550,855,758

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7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**(a) current financial period reported on; and****(b) immediately preceding financial year**

	Group		Company	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	10.24	10.23	7.87	7.80
Number of shares (issued and issuable) used in computing net asset value per ordinary share	569,793,100	563,672,100	569,793,100	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**

Despite a significant increase in revenue achieved, the Group's profitability suffered a significant decrease. This was due to strong negative pressures on profit margins.

Revenue for FY2016 of S\$94.3 million was S\$18.1 million (23.8%) higher as compared to S\$76.2 million recorded in the previous corresponding year ("FY2015"). For the quarter ended 31 December 2016 ("4Q2016"), revenue increased by 21.1% compared to the prior corresponding quarter ("4Q2015"). This is due to a higher volume of project work undertaken.

Cost of sales for FY2016 is higher in tandem with the higher revenue recorded. The increase in cost of sales was mainly in higher utilization of subcontracting services. These expenses had consequently reduced our gross profit margins. Despite the higher revenue achieved, gross profit recorded for FY2016 was lower by 25.5% as compared to the gross profit for the prior year. Gross profit margin declined to 7.1% for FY2016 from 11.8% for FY2015.

The Group recorded a significant decline in profit before tax to S\$2.4 million for FY2016 as compared from a profit before tax of S\$4.5 million in FY2015.

(ii) Other income

Included in Other Income are receipts of Special Employment Credits from the Ministry of Manpower and Wage Credit Scheme payout from Inland Revenue Authority of Singapore and a Capability Development Grant of S\$240K from SPRING Singapore (an agency under the Ministry of Trade and Industry (Singapore)).



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(iii) Administrative expenses

Administrative expenses for FY2016 were lower as compared to that in FY2015 mainly due to lower bonus in line with lower profitability recorded.

(iv) Other expenses

The Group recorded a net loss for FY2016 arising from foreign exchange transactions. Other expenses in FY2015 were higher as it included an amount of S\$21K for fixed assets written off.

(v) Finance expenses

The finance cost was attributed to interest expense arising from hire purchase of equipment which was acquired in December 2012. The hire purchase financing has been fully repaid in 4Q2016.

(vi) Income tax expense

The Group recorded a tax credit of S\$202K for the FY2016 as compared to a tax credit of S\$71K in FY2015. The tax credit comprised mainly an over provision of S\$83K and recognition of deferred tax asset of S\$122K.

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\$4.0 million to upgrade and enhance the Group's operating capabilities offset by the depreciation expense of S\$3.7 million.

(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 increased by S\$0.9 million following the additional cash subscription in the share capital of OHM Engineering Pte Ltd ("OHM"), a wholly-owned subsidiary, as announced on 1 March 2016. The increase in paid-up share capital will provide additional working capital and enable it to undertake higher dollar value projects.

During the financial year the Group has merged the business activities of one of its wholly-owned operating subsidiary, Pegasus Advance Engineering Pte Ltd (PAE), into the Company. The merger will reduce operating cost. PAE henceforth became an investment vehicle for the Group. An impairment charge of S\$0.6 million was made to align the cost of investment with the carrying value.

(iv) Inventories and contract work-in-progress

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



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(v) Trade and other receivables

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

(vi) Provision for restoration costs

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

(vii) Loans and borrowings

The outstanding was fully re-paid during the current financial year.

(viii) Deferred tax liabilities and tax payable

Deferred tax liabilities arise from the recognition of the temporary timing differences resulting from provisions and claim on capital allowances for qualifying assets. The decrease in deferred tax liabilities arose after accounting for unutilized tax loss and unutilized capital allowance (including PIC allowance).

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

(ix) Trade and other payables

The increase was due to higher volume of operating expenses (in light of higher revenue) incurred and not yet due for payment at end of the year.

(x) Equity

Group's shareholders' fund increased from S\$57.6 million as at 31 December 2015 to S\$58.4 million as at 31 December 2016.

The increase of S\$0.8 million in Group's shareholders' fund is attributed to profits (increasing revenue reserve by S\$2.6 million), increase in paid-up share capital through exercise of warrants (increasing share capital by S\$61,000) and dividend payment (reduction to revenue reserve of S\$2.0 million).

As at the end of the year, a total of 6,121,000 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 working capital (current assets less current liabilities) was S\$39.7 million (as at 31 December 2016) as compared with S\$39.2 million (as at 31 December 2015).

The Group recorded an operating cash outflow of S\$125,000 for FY2016 as compared to an operating cash inflow of S\$3.9 million. The decrease is mainly attributed to an increase in contract work-in-progress.

The Group's cash balance as at 31 December 2016 was S\$18.2 million as compared to a balance of S\$24.8 million as at 31 December 2015. The lower cash balance was mainly due to financing of contract work-in-progress.



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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 cautionary statements in previous financial results announcements with respect to the operating environment and the Group's financial performance will continue to prevail into FY2017.

It is likely that the current operating environment will not deteriorate further.

In order for the Group to maintain its profitability, it will continue to make strong efforts to remain relevant to its business partners through providing quality services.

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:

			FY2016
Name of dividend	Final		Special
Dividend type	Cash		N/A
Amount	0.15 cent per ordinary share		N/A
Tax rate	Tax exempt (one-tier)		N/A

(b) Corresponding Period of the Immediately Preceding Financial Year

			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)

(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.

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

Not applicable.

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

The Group has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. 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.**FY2016**

(Amount in \$'000)	Electrical, instrumentation and others		Total
	Mechanical engineering		
External revenue	84,180	10,161	94,341
Inter-segment revenue	45	2,593	2,638
Total revenue	84,225	12,754	96,979
Interest income	55	200	255
Interest expense	33	-	33
Amortisation of intangible asset	149	-	149
Depreciation of property, plant and equipment	3,277	382	3,659
Reportable segment profit before income tax	97	2,502	2,599
Reportable segment assets	53,943	17,296	71,239
Capital expenditure	3,880	100	3,980
Reportable segment liabilities	12,717	1,158	13,875

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FY2015

(Amount in \$'000)	Mechanical engineering	Electrical, instrumentation and others	Total
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	2,781	1,790	4,571
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

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

(Amount in \$'000)	FY2016	FY2015
Revenue		
Total revenues for reportable segments	96,979	78,318
Elimination of inter-segment revenue	(2,638)	(2,133)
Consolidated revenue	94,341	76,185
Profit or loss		
Total profit or loss for reportable segments	2,599	4,571
Elimination of Intersegment gross profit or loss	(180)	(60)
Consolidated profit before income tax	2,419	4,511
Assets		
Total assets for reportable segments	71,239	72,634
Goodwill	1,001	1,001
Investment properties	1,310	1,310
Consolidated total assets	73,550	74,945
Liabilities		
Total liabilities for reportable segments	13,875	15,547
Current tax payable	39	344
Deferred tax liabilities	1,286	1,408
Consolidated total liabilities	15,200	17,299

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

Revenue from the mechanical engineering segment increased with a higher volume of work completed. Gross margin decreased due to higher direct cost and the competitive environment.

Revenue from the electrical, instrumentation and others segment decreased as compared to the prior year. Gross margin in this segment is higher with additional billings for work done.

(refer to para 8 above)

16. A breakdown of sales as follows:

	Group		
	FY2016 \$'000	FY2015 \$'000	Change (%)
Sales for first half year	39,759	32,773	21.3
Operating profit after tax due to owners of Company for first half year	630	1,250	(49.6)
Sales for second half year	54,582	43,412	25.7
Operating profit after tax due to owners of Company for second half year	1,991	3,332	(40.2)

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

	FY2016 \$'000	FY2015 \$'000
<u>Ordinary shares:</u>		
Proposed Final dividend, tax exempt (one-Tier)	855	849
Proposed Special dividend, tax exempt (one-Tier)	-	1,132
Total	855	1,981
	Proposed <i>(Refer to Note)</i>	Actual

Note: Dividend payable for FY2016 is based on the total issued ordinary shares as at 31 December 2016.

The amount is subjected to change when warrants are exercised.

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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.

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	59	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	N.A
Quek Kian Hui	32	Son of Cheng Woei Fen (Executive Chairlady cum CEO)	Executive Director Assist the Chairlady cum CEO in management of the operations of Mun Siong Engineering Limited. 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, 153,711,100 warrants had been exercised since the issue of the warrants and a total proceed of about S\$1.54 million was raised and the status of the proceeds is as follow:

	Amount (S\$'000)
Proceeds from warrants conversion	1,537
Purchase of vehicles	(407)
Purchase of equipment	(618)
Purchase of materials and services for operations	(443)
Balance	69

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 in S\$'000)	Amount raised	Change of Use	Utilisation					Total Utilised	Balance
			up to 2015	1st Qtr 2016	2nd Qtr 2016	3rd Qtr 2016	4th Qtr 2016		
To establish a regional presence	4,000	-	(1,790)	(3)	-	(11)	(5)	(1,809)	2,191
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)	-
Total	18,900	-	(16,311)	(56)	-	(11)	(5)	(16,383)	2,517

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

BY ORDER OF THE BOARD

CHENG WOEI FEN
Executive Chairlady

17th FEBRUARY 2017



MUN SIONG ENGINEERING LIMITED
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NEWS RELEASE

MUN SIONG ENGINEERING ACHIEVED S\$94.3 MILLION REVENUE FOR FY2016

Singapore, 17th February 2017 - 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 S\$2.4 million for the full year ended 31 December 2016 (FY2016), a decrease of approximately 46.4% as compared to S\$4.5 million for the corresponding prior year (FY2015).

Revenue for FY2016 of S\$94.3 million was S\$18.1 million (23.8%) higher as compared to S\$76.2 million recorded in the FY2015. This is due to a higher volume of project work undertaken. However, due to the higher utilization of subcontracting services; it has resulted in the increase in the cost of sales for FY2016. These expenses had consequently reduced our profit margins.

The cautionary statements in previous financial results announcements with respect to the operating environment and the Group’s financial performance will continue to prevail into FY2017. It is likely that the current operating environment will not deteriorate further.

The Group is proposing a tax-exempt (one tier) final dividend of 0.15 cents per share for approval at the forthcoming Annual General Meeting. The estimated pay out (assuming all outstanding warrants are duly exercised by the books closure date) is approximately S\$875,000, equivalent to about one-third of the Group’s profit after tax. This translates to a dividend yield of 2.3% based on the closing share price of S\$0.064 as at 14th February 2017.

In order for the Group to maintain its profitability it will continue to make strong efforts to remain relevant to its business partner through providing quality services.

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

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

Mun Siong Engineering Ltd (文祥机械工程公司) and its subsidiaries, OHM Engineering Pte Ltd (OHM) and Pegasus Advance Engineering Pte Ltd (“the Group”) is an integrated Turnkey Mechanical Engineering, Electrical and Instrumentation (E&I) service provider for a large variety of Process Industries.

Established in 1969, Mun Siong is an organisation dedicated to optimising Engineering Design, Manufacture, Installation and Maintenance in the provision of competitive process plant based solutions, which focus on efficiency, safe delivery and creating value in support of optimising client operations.

Mun Siong was listed on the main board of the Singapore Stock Exchange in October 2010, since when the Group has earned an enviable reputation as a reliable, capable and progressive, organisation. With a significant safety focus, Mun Siong has an enviable track record in supplying assured process equipment, packaged modules and service scopes. Mun Siong extends into multiple industries, including; Oil & Gas, Petrochemical, Energy, Storage, Water, Chemical and other process manufacturing industries.

Since 2016, the group has also provided a fully integrated Scaffolding, Insulation and Painting (SIP) service, utilised both in support of our client work packages and independently. In the same year, OHM impressively secured their fourth consecutive (Silver) WHS Safety award.

Mun Siong now has an array of additional principal overseas specialist partners/ suppliers, in order to offer clients premium quality products and services in individual aspects of; Rotating Engineering, Sealing, Coating, Cleaning, Corrosion Protection and Electrical/ UPS products. These complement individual in-house specialisms in Hydro-jetting, Hydro-drilling, Bundle-pulling, Decoking and Tanking, which supplements our process plant solutions.

Mun Siong also have ASME accreditation for Pressure Vessel Design, Manufacture & Repair.

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