Mun Siong Engineering Limited

Condensed Interim Financial Statements for the six months and full year ended 31 December 2023

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MUN SIONG ENGINEERING LIMITED
(Incorporated in the Republic of Singapore)
(Company registration number: 196900250M)

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group			Group		
	6 months ended 31 Dec		Incr /	Year ended 31 Dec		Incr /
	2H 2023	2H 2022	(Decr)	2023	2022	(Decr)
	$'000	$'000	%	$'000	$'000	%
Revenue	37,620	32,698	15.1	71,207	63,290	12.5
Cost of sales	(34,072)	(28,907)	17.9	(67,010)	(56,788)	18.0
Gross profit	3,548	3,791	(6.4)	4,197	6,502	(35.5)
Other income and recoveries	1,102	459	140.1	2,238	754	196.8
Administrative expenses	(3,918)	(1,926)	103.4	(8,096)	(5,796)	39.7
Other operating (expenses) /income	(468)	(882)	(46.9)	(791)	(1,092)	(27.6)
Share of results of an equity-accounted investee	87	315	(72.4)	65	317	(79.5)
Results from operating activities	351	1,757	(80.0)	(2,387)	685	(448.5)
Finance income	16	206	(92.2)	108	255	(57.6)
Finance costs	(115)	(64)	79.7	(207)	(131)	58.0
Profit /(loss) before income tax	252	1,899	(86.7)	(2,486)	809	(407.3)
Tax (expense)/credit	(190)	(108)	75.9	(319)	(438)	(27.2)
Profit/ (loss) after income tax	**62**	**1,791**	(96.5)	**(2,805)**	**371**	(856.1)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation difference from foreign operations	(95)	(33)	187.9	(50)	(4)	(1,150.0)
Total comprehensive income	**(33)**	**1,758**	(101.9)	**(2,855)**	**367**	(877.9)
Profit / (Loss) attributable to:						
Owners of the Company	**62**	**1,791**	(96.5)	**(2,805)**	**371**	(856.1)
Non-controlling interest	-	-	-	-	-	-
	62	**1,791**	(96.5)	**(2,805)**	**371**	(856.1)
Total comprehensive income attributable to:						
Owners of the Company	**(33)**	**1,758**	(101.9)	**(2,855)**	**367**	(877.9)
Non-controlling interest	-	-	-	-	-	-
	(33)	**1,758**	(101.9)	**(2,855)**	**367**	(877.9)
Earnings per share :						
Basic (SGD in cent)	0.01	0.31		(0.48)	0.06	
Diluted (SGD in cent)	0.01	0.31		(0.48)	0.06	

NM: Not meaningful

B. Condensed interim statements of financial position

	Group		Change	Company (Note 1)		Change
	31 Dec 23	31 Dec 22		31 Dec 23	31 Dec 22	
	$'000	$'000	%	$'000	$'000	%
Non-current assets						
Property, plant and equipment	34,875	22,139	57.5	20,792	13,215	57.3
Investment properties	1,340	1,300	3.1	1,340	1,300	3.1
Investment in an equity-accounted investee	660	323	104.3	622	323	92.6
Subsidiaries	-	-	-	4,223	4,223	-
Other receivables	-	-	-	11,101	12,793	(13.2)
Total non-current assets	36,875	23,762	55.2	38,078	31,854	19.5
Current assets						
Inventories	111	151	(26.5)	111	140	(20.7)
Contract assets	6,960	5,928	17.4	4,826	5,335	(9.5)
Trade and other receivables	21,660	15,535	39.4	28,453	15,854	79.5
Cash and cash equivalents	9,720	28,647	(66.1)	7,979	23,114	(65.5)
Total current assets	38,451	50,261	(23.5)	41,369	44,443	(6.9)
Total assets	**75,326**	**74,023**	1.8	**79,447**	**76,297**	4.1
Equity						
Share capital	26,254	26,254	-	26,254	26,254	-
Treasury shares	(30)	(42)	(28.6)	(30)	(42)	(28.6)
Share based compensation reserve	(58)	(55)	5.5	(58)	(55)	5.5
Translation reserve	29	79	(63.3)	65	88	(26.1)
Retained earnings	25,831	28,868	(10.5)	32,647	31,902	2.3
Equity attributable to owners of the Company	**52,026**	**55,104**	(5.6)	**58,878**	**58,147**	1.3
Non-controlling interests	-	-	-	-	-	-
Total equity	**52,026**	**55,104**	(5.6)	**58,878**	**58,147**	1.3
Non-current liabilities						
Loans and borrowings	2,451	2,642	(7.2)	2,287	2,624	(12.8)
Provisions	541	1,315	(58.9)	540	1,315	(58.9)
Deferred tax liabilities	1,069	1,410	(24.2)	1,023	1,410	(27.4)
Total non-current liabilities	4,061	5,367	(24.3)	3,850	5,349	(28.0)
Current liabilities						
Trade and other payables	14,246	11,222	26.9	11,824	10,534	12.2
Contract liabilities	380	-	NM	380	-	NM
Provisions	2,599	462	462.6	2,599	462	462.6
Loans and borrowings	1,415	1,784	(20.7)	1,335	1,754	(23.9)
Current tax payable	599	84	613.1	581	51	1,039.2
Total current liabilities	19,239	13,552	42.0	16,719	12,801	30.6
Total liabilities	**23,300**	**18,919**	23.2	**20,569**	**18,150**	13.3
Total equity and liabilities	**75,326**	**74,023**	1.8	**79,447**	**76,297**	4.1

NM: Not meaningful

Note 1: The Company level includes Mun Siong Engineering Taiwan Branch's financial results

C. Condensed interim statements of changes in equity

The Group	Share Capital $'000	Treasury Shares $'000	Share Based Compensation Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
2023								
Balance at 1 January	26,254	(42)	(55)	79	28,868	55,104	-	55,104
Loss for the year	-	-	-	-	(2,805)	(2,805)	-	(2,805)
Foreign currency translation difference from foreign operations	-	-	-	(50)	-	(50)	-	(50)
Dividends paid	-	-	-	-	(232)	(232)	-	(232)
Grant of performance shares to employees	-	40	(3)	-	-	37	-	37
Purchase of treasury shares	-	(28)	-	-	-	(28)	-	(28)
Balance at 31 December	**26,254**	**(30)**	**(58)**	**29**	**25,831**	**52,026**	**-**	**52,026**
2022								
Balance at 1 January	26,254	(65)	(39)	83	28,845	55,078	-	55,078
Profit for the year	-	-	-	-	371	371	-	371
Foreign currency translation difference from foreign operations	-	-	-	(4)	-	(4)	-	(4)
Dividends paid	-	-	-	-	(348)	(348)	-	(348)
Grant of performance shares to employees	-	56	(16)	-	-	40	-	40
Purchase of treasury shares	-	(33)	-	-	-	(33)	-	(33)
Balance at 31 December	**26,254**	**(42)**	**(55)**	**79**	**28,868**	**55,104**	**-**	**55,104**

The Company	Share Capital $'000	Treasury Shares $'000	Share Based Compensation Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total $'000
2023						
Balance at 1 January	26,254	(42)	(55)	88	31,902	58,147
Profit for the year	-	-	-	-	977	977
Foreign currency translation difference from foreign operations	-	-	-	(23)	-	(23)
Dividends paid	-	-	-	-	(232)	(232)
Grant of performance shares to employees	-	40	(3)	-	-	37
Purchase of treasury shares	-	(28)	-	-	-	(28)
Balance at 31 December	**26,254**	**(30)**	**(58)**	**65**	**32,647**	**58,878**
2022						
Balance at 1 January	26,254	(65)	(39)	100	30,365	56,615
Profit for the year	-	-	-	-	1,885	1,885
Foreign currency translation difference from foreign operations	-	-	-	(12)	-	(12)
Dividends paid	-	-	-	-	(348)	(348)
Grant of performance shares to employees	-	56	(16)	-	-	40
Purchase of treasury shares	-	(33)	-	-	-	(33)
Balance at 31 December	**26,254**	**(42)**	**(55)**	**88**	**31,902**	**58,147**

D. Condensed interim consolidated statement of cash flows

	Group		Group	
	2H 2023	2H 2022	FY2023	FY2022
Cash flows from operating activities	**$'000**	**$'000**	**$'000**	**$'000**
Profit before income tax	252	1,899	(2,486)	809
Adjustments for:				
Depreciation of property, plant and equipment	1,800	1,654	3,454	3,231
Interest expense	96	51	175	105
Equity-settled share-based payment transactions	-	-	37	40
Fair value gain on investment properties	(40)	(30)	(40)	(30)
Impairment (reversal)/ losses on contract assets	(739)	(546)	(854)	338
Property, plant and equipment written off	176	-	176	-
Impairment (reversal)/ losses on trade receivables	38	(534)	38	(534)
Provision for stock obsolescence	19	-	19	-
Provisions for reworks	84	-	84	-
Provision for reinstatement costs	720	-	720	-
Unwinding of discount on provision for reinstatement costs	19	13	32	26
Share of results of an equity-accounted investee	(87)	(315)	(65)	(317)
Interest income	(16)	(206)	(108)	(255)
(Gain)/ loss on disposal of property, plant and equipment	(734)	(133)	(776)	(134)
Operating cash flow before working capital changes	1,588	1,853	406	3,279
Changes in inventories	64	(25)	20	(32)
Changes in contract assets	7,369	2,323	(112)	3,419
Changes in trade and other receivables	(3,683)	(2,463)	(6,161)	8,657
Changes in trade and other payables	2,925	(917)	3,026	(11,492)
Changes in contract liabilities	(81)	(1,041)	380	(1,418)
Cash generated from operating activities	8,182	(270)	(2,441)	2,413
Tax paid	(47)	(160)	(144)	(391)
Net cash generated used in operating activities	**8,135**	**(430)**	**(2,585)**	**2,022**
Cash flows from investing activities				
Interest received	16	206	108	255
Investment in an equity-accounted investee	(300)	-	(300)	-
Net cash outflow on divestment of a subsidiary	-	(9)	-	(9)
Proceeds from disposal of property, plant and equipment	1,128	269	1,227	289
Acquisition of property, plant and equipment (Note 1)	(1,761)	(6,386)	(15,166)	(6,775)
Net cash used in investing activities	**(917)**	**(5,920)**	**(14,131)**	**(6,240)**
Cash flows from financing activities				
Purchase of treasury shares	(28)	(33)	(28)	(33)
Dividends paid	-	-	(232)	(348)
Proceeds from bank loan	3,000	-	5,600	-
Repayment of bank loans	(6,225)	(612)	(6,844)	(1,219)
Payment of lease liabilities	(182)	(345)	(564)	(621)
Interest paid	(104)	(33)	(178)	(103)
Net cash used in financing activities	**(3,539)**	**(1,023)**	**(2,246)**	**(2,324)**
Net decrease in cash and cash equivalents	**3,679**	**(7,373)**	**(18,962)**	**(6,542)**
Cash and cash equivalents at beginning of period/ year	6,233	36,037	28,647	35,077
Effect of exchange rate fluctuations on cash held	(192)	(17)	35	112
Cash and cash equivalents at end of period/ year	**9,720**	**28,647**	**9,720**	**28,647**

Notes to consolidated statement of cash flows

Note 1: Significant non-cash transactions

During the financial year, the Group acquired property, plant and equipment totaling $17,629,000 (FY2022: $8,509,000) of which $2,463,000 (FY2022: $1,734,000) were non-cash transactions.

The non-cash transactions comprise:

1. Construction costs at the Malaysian fabrication yard of $256,000 (FY2022: $964,000) that remain unpaid at year end.

2. New leases acquired in the current year of $1,680,000 (FY2022: $770,000), and

3. Additional provision for restoration costs of $527,000 (FY2022: $Nil) for 26 Gul Way in FY2023

There was also a reclassification of $1,796,000 from FY2022 prepayments to fixed assets as these were completed and delivered in FY2023.

E. Notes to the condensed interim consolidated financial statements

1. Corporate Information

Mun Siong Engineering Pte Ltd (the "Company") was incorporated in Singapore in 1969. It was converted to a public limited company in 2010 when its shares are quoted and traded on the main board of the Singapore Exchange.

The principal activities of the Company, including that of its subsidiaries and equity-accounted investee, are provisions of mechanical engineering, electrical engineering, project management and provision of specialized services to the process industries. Besides this, it is also an investment holding company.

To further the Company's interest in Malaysia, the Group has three entities namely, HIMS Integrated Services Sdn Bhd (an equity-accounted investee) ("HIMS") and Mun Siong Engineering Sdn Bhd, which in turn holds an equity interest in Pegasus Advance Engineering Sdn Bhd (the "PAE M").

Its business interest in Taiwan started with a branch office ("Branch") located in Kaohsiung, Taiwan. The financials of the Company include the results of the branch office. The Group also has a wholly owned subsidiary in Taiwan, namely Pegasus Advance Industrial Company Limited ("PAI"). PAI is also located in Kaohsiung.

For its US business, the Group set up an entity namely Pegasus Industrial Midwest Limited Liability Company ("PIM") in the State of Illinois, USA. PIM is a wholly owned subsidiary of Pegasus Advance Engineering (US) Inc ("PAE US"). PAE US is wholly owned by Pegasus Advance Engineering (Netherlands) BV ("PAE Netherlands") and it is also wholly owned by Pegasus Advance Engineering Pte Ltd ("PAE S"). The Company owns 100% interest in PAE S. PAE S, PAE Netherlands and PAE US principal activities are investment holding companies.

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2023 comprise the Company and its subsidiaries (collectively the "Group") and the Group's interest in an equity-accounted investee.

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and Amended Standards Adopted by the Group

A number of amendments to the Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are:

- Revenue recognition: estimate of total contract costs used in determining the percentage of completion (refer to Note 4);
- Impairment of contract assets and trade receivables (refer to Note 6); and
- Impairment of property, plant and equipment (refer to Note 11).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period. However, it should be noted that shorter working days in a month due to public holidays, for example Chinese New Year and Christmas, do affect the Group's revenue and operating performance.

4. Revenue

	Group		Group	
	6 months ended 31 Dec		Year ended 31 Dec	
Revenue	2H 2023	2H 2022	2023	2022
	$'000	$'000	$'000	$'000
Revenue from contracts with customers	37,620	32,698	71,207	63,290

Significant judgements are used to estimate total contract costs to complete. In making these estimates, management has relied on past experiences of completed projects. The estimated total contract costs are reviewed at every reporting period and adjusted, where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

5. Segment and revenue information

The operating segments are reported in a manner consistent with internal reporting provided to the Group's Executive Committee who is responsible for allocating and assessing the performance of the operating segments. The Group's Executive Committee reviews internal management reports at least on a monthly basis.

There is no change in reportable segment in 2023.

Other services provided by the Group have been aggregated under the segment "Mechanical, electrical, instrumentation and others". None of these segments meets any of the quantitative thresholds for determining reportable segments in 2023 and 2022.

	Group		Group	
	6 months ended 31 Dec		Year ended 31 Dec	
Reportable Segments	**2H2023**	**2H2022**	**FY2023**	**FY2022**
	$'000	**$'000**	**$'000**	**$'000**
Revenue from external parties	37,620	32,698	71,207	63,290
Interest income	16	206	108	255
Miscellaneous income	36	23	199	46
Total other income	52	229	307	301
Total revenue and other income	37,672	32,927	71,514	63,591
Depreciation	1,800	1,654	3,454	3,231
Finance expense	96	51	175	105
Segment profit / (loss)	89	1,531	(2,790)	416
Unallocated segment profits	36	23	199	46
Fair value gain/(loss) on investment properties	40	30	40	30
Share of results of an equity-accounted investee	87	315	65	317
Consolidated profit / (loss) before income tax	252	1,899	(2,486)	809
Tax (expense)/ credit	(190)	(108)	(319)	(438)
Earnings for the interim period / year	62	1,791	(2,805)	371
Capital expenditures	909	7,350	15,949	7,739
Total assets for reportable segment			69,358	69,244
Investment properties			1,340	1,300
Investment in equity-accounted investee			660	323
Right-of-use assets			3,968	3,156
Consolidated total assets			75,326	74,023
Total liabilities for reportable segment			21,632	17,425
Current tax payable			599	84
Deferred tax liabilities			1,069	1,410
Consolidated total liabilities			23,300	18,919

Disaggregation of revenue	Group		Group	
	6 months ended 31 Dec		Year ended 31 Dec	
	2H2023	2H2022	FY2023	FY2022
	$'000	$'000	$'000	$'000
Types of services:				
Rendering of services	37,620	32,698	71,207	63,290
Timing of revenue recognition				
At a point in time	26,014	18,817	48,920	40,718
Over time	11,606	13,881	22,287	22,572
	37,620	32,698	71,207	63,290
Geographical information				
Singapore	31,404	27,033	60,409	51,966
Indonesia	661	581	661	921
Malaysia	3,485	2,114	5,431	3,850
US	1,390	212	2,168	212
Taiwan	680	2,758	2,538	6,341
	37,620	32,698	71,207	63,290

A breakdown of sales:

	Group		Change
	FY2023	FY2022	
	$'000	$'000	(%)
Sales reported for the first half year	33,587	30,592	9.8
Operating loss after tax before deducting non-controlling interests reported for first half year	(2,867)	(1,420)	101.9
Sales reported for the second half year	37,620	32,698	15.1
Operating (loss)/ profit after tax before deducting non-controlling interests reported for second half year	62	1,791	(96.5)

6. Financial Assets and Financial Liabilities

Set up below is an overview of the financial assets and financial liabilities of the Group and Company as at 31 December 2023 and 31 December 2022.

	Group		Company	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Financial Assets	$'000	$'000	$'000	$'000
At amortised cost				
Trade and other receivables (exclude prepayments)	21,283	13,657	39,283	26,883
Cash and cash equivalents	9,720	28,647	7,979	23,114
	31,003	42,304	47,262	49,997
Financial Liabilities				
At amortised cost				
Trade and other payables	14,246	11,222	11,824	10,534
Bank loans	2,196	3,440	2,196	3,440
	16,442	14,662	14,020	13,974

Provision for expected credit losses ("ECL")

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

As at 31 December 2022, the Group had provided a provision for impairment on contract assets of $1,057,000 (equivalent to RM3,461,000). These contract assets relate to purchase orders issued by Petronas prior to 1 April 2022 and these completed jobs were waiting for Petronas to accept performance of work (carried out by PAE M) and to issue the final billings instructions. It was finally agreed among all parties: Petronas, Highbase Strategic Sdn Bhd, HIMS and PAE M, that these outstanding contract assets will be assigned directly to HIMS and Petronas will pay directly to HIMS and HIMS will subsequently pay PAE M.

During the financial year 2023, PAE M received payments (write back of impairment of contract assets) amounting to $854,000 (equivalent to RM2,983,000). As at 31 December 2023, the impairment of contract assets stood at $137,000 (equivalent to RM478,000). PAE M is currently waiting for Petronas to approve these amounts before proceeding with billings.

As at 31 December, the Group's impairment for contract assets and trade receivables balances were:

31 December	2023	2022	Remarks
	$'000	$'000	
Impairment for contract assets	137	1,057	As mentioned per above
Impairment for trade receivables	38	-	
	175	1,057	

7. Profit/(Loss) Before Income Tax

7.1. Significant Items

	Group			Group		
	6 months ended 31 Dec			Year ended 31 Dec		
	2H 2023	2H 2022	Incr/ (Decr)	2023	2022	Incr/ (Decr)
	$'000	$'000	%	$'000	$'000	%
Depreciation of property, plant and equipment	1,800	1,654	8.8	3,454	3,231	6.9
Fair value gain on investment properties	(40)	(30)	33.3	(40)	(30)	33.3
Net (gain) / loss on disposal of property, plant and equipment	(734)	(133)	451.9	(776)	(134)	479.1
Property, plant and equipment written off	176	-	NM	176	-	NM
Equity-settled share-based payment transactions	-	-	-	37	40	(7.5)
Impairment (reversal)/losses on trade receivables	38	(534)	107.1	38	(534)	107.1
Impairment (reversal)/losses on contract assets	(739)	(546)	35.3	(854)	338	(352.7)
Monetary penalties	49	(48)	(202.1)	49	294	(83.3)
Provision for stock obsolescence	19	-	NM	19	-	NM
Provision for reworks	84	-	NM	84	-	NM
Provision for reinstatement costs	720	-	NM	720	-	NM
Net foreign exchange loss /(gain)	338	913	(63.0)	661	1,123	(41.1)
Finance (income)/expenses:						
Interest income	(16)	(206)	(92.2)	(108)	(255)	(57.6)
Interest on bank loans	44	37	18.9	81	81	-
Interest on lease liabilities	52	14	271.4	94	24	291.7
Unwinding of discount on provision for reinstatement costs	19	13	46.2	32	26	23.1
(Over)/under provision of tax in respect of prior years	(19)	(105)	(81.9)	34	(32)	206.3

NM: not meaningful

7.2. Related Party Transactions

	Group		Group	
	6 months ended 31 Dec		Year ended 31 Dec	
	2H 2023	2H 2022	2023	2022
	$'000	$'000	$'000	$'000
Income/(expense)				
Equity-accounted investee				
Revenue from contract (rendering of services)	2,575	2,112	4,218	3,399
Management fees paid	(52)	(68)	(73)	(114)
Transactions with key management personnel				
- Directors' fees	(58)	(58)	(116)	(119)
- Short-term employee benefits	(910)	(783)	(1,791)	(1,413)

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 31 Dec		Year ended 31 Dec	
	2H 2023	2H 2022	2023	2022
	$'000	$'000	$'000	$'000
Current income tax expense	(549)	(162)	(625)	(391)
Over/(under) provision in respect of prior years	19	105	(34)	32
Deferred income tax expense relating to origination and reversal of temporary differences	340	(51)	340	(79)
Tax (expense)/credit	(190)	(108)	(319)	(438)

9. Dividends Paid

	FY2023 $'000	FY2022 $'000
Cash dividends paid during the financial year		
A final one-tier tax exempt dividend of 0.04 cents per share in respect of FY2022. (2022: A final one-tier tax exempt dividend of 0.04 cents per share and a special one-tier tax exempt dividend of 0.02 cents per share in respect of FY2021)	232	348
Total	232	348

The directors have proposed a final dividend for the financial year ended 31 December 2023 of $0.04 cents per share amounting to $232,000. The proposed dividends will be paid out from our positive retained earnings as the Group suffered a net loss for the year. These financial statements do not reflect the proposed dividend, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2024.

10. Net Asset Value

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	8.96	9.49	10.14	10.01
Number of shares (issued and issuable) used in computing net asset value per ordinary share	580,712,400	580,712,400	580,712,400	580,712,400

11. Property, Plant and Equipment

	Group		Group	
	6 months ended 31 Dec		Year ended 31 Dec	
	2H2023	2H2022	2023	2022
	$'000	$'000	$'000	$'000
Acquisition				
Property, plant and equipment	909	7,350	15,949	7,739
Rights of use assets	244	770	1,680	770
	1,153	8,120	17,629	8,509
Disposal and Write off				
Property, plant and equipment	(570)	(136)	(627)	(155)
Rights of use assets	(417)	-	(417)	-
	(987)	(136)	(1,044)	(155)

For the period under review, the Group's market capitalisation is lower than its net assets as at 31 December 2023. The Group performed an impairment assessment of its property, plant and equipment, save for the above assets, by determining the recoverable amount based on the value in use. This assessment requires significant judgement and takes into account past performances, management's expectation of market developments, future cash flows and discount rates. The recoverable amount could change significantly as a result of changes in market conditions and the assumptions used in determining the recoverable amount. The management assessed that no impairment losses were necessary for the remaining assets for the period ended 31 December 2023.

The Group does not have any outstanding capital commitments as at 31 December 2023 (FY2022: $15,000,000). The purchase of 26 Gul Way, construction of fabrication yard in Malaysia and the setting of US operations were completed during the year.

12. Investment Properties

The Group's investment properties consist of commercial properties, held for long-term rental yields and capital appreciation and are not occupied by the Group. They are leased to unrelated third parties under operating leases.

	Group and Company	
	2023	2022
Investment Properties	$'000	$'000
At 1 January	1,300	1,270
Fair value gain	40	30
At 31 December	1,340	1,300

12.1. Valuation

The Group engages external independent and qualified valuers to determine the fair value of the Group's investment properties at the end of each financial year. The fair value measurement for all the investment properties has been categorized as a Level 2 fair value based on direct comparison method.

For the six months ended 31 December 2023, there is a fair value gain of $40,000 on the investment properties (31 December 2022: fair value gain of $30,000).

13. Loans and Borrowings

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	$'000	$'000	$'000	$'000
Amount repayable within one year				
Lease liabilities (secured)	145	540	65	510
Bank loans				
-secured	-	-	-	-
-unsecured	1,270	1,244	1,270	1,244
	1,415	1,784	1,335	1,754
Amount repayable after one year				
Lease liabilities (secured)	1,525	446	1,361	428
Bank loans				
-secured	-	-	-	-
-unsecured	926	2,196	926	2,196
	2,451	2,642	2,287	2,624
	3,866	4,426	3,622	4,378

The secured borrowings (including lease liabilities) are secured against the respective operating assets and right-of-use assets.

In 2020, the Company drew down a loan amounting to $5.0 million, that was part of the Singapore government support given to local enterprises in response to the Covid-19 pandemic ("Temporary Bridging Loan"). The loan is unsecured, for a tenor of 5 years (ending 2025) and repayable on a monthly basis. Interest payments which commenced in August 2020 and principal repayments commencing in August 2021. The loan carries fixed interest rates of between 2.0% and 2.1% per annum. This is significantly below the Group's current borrowing cost. The total outstanding loan as at 31 December 2023 was $2,196,000 (31 December 2022: $3,440,000), in which the amount repayable within one year and after one year was $1,270,000 (31 December 2022: $1,244,000) and $926,000 (31 December 2022: $2,196,000) respectively.

No outstanding short-term loans as at 31 December 2023 and 2022. A total of $5.6 million of short- term loans (bearing interest rates of 5.27% to 5.39% per annum) were drawn during the year (FY2022: $ Nil) and fully repaid upon maturity. The average drawdown to repayment was 30 days.

As 31 December 2023, the amount repayable within and after one year was $1.4 million ($1.8 million as at 31 December 2022) and $2.5 million ($2.6 million as at 31 December 2022) respectively.

14. Share Capital

	Group and Company			
	As at 31 Dec 2023		As at 31 Dec 2022	
	Number of shares '000	Amount $'000	Number of shares '000	Amount $'000
Issued and paid-up share capital				
As at beginning and end	581,546	26,254	581,546	26,254
Treasury shares				
As at 1 January	834	42	934	65
Purchase of treasury shares	800	28	700	33
Reissuance of treasury shares pursuant to share plan	(800)	(40)	(800)	(56)
As at 31 December	834	30	834	42

The total number of issued shares excluding treasury shares as at 31 December 2023 was 580,712,400 (31 December 2022: 580,712,400).

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

15. Subsequent Event

There are no known subsequent events, as at the date of this announcement, which have led to adjustments to this set of interim financial statements.

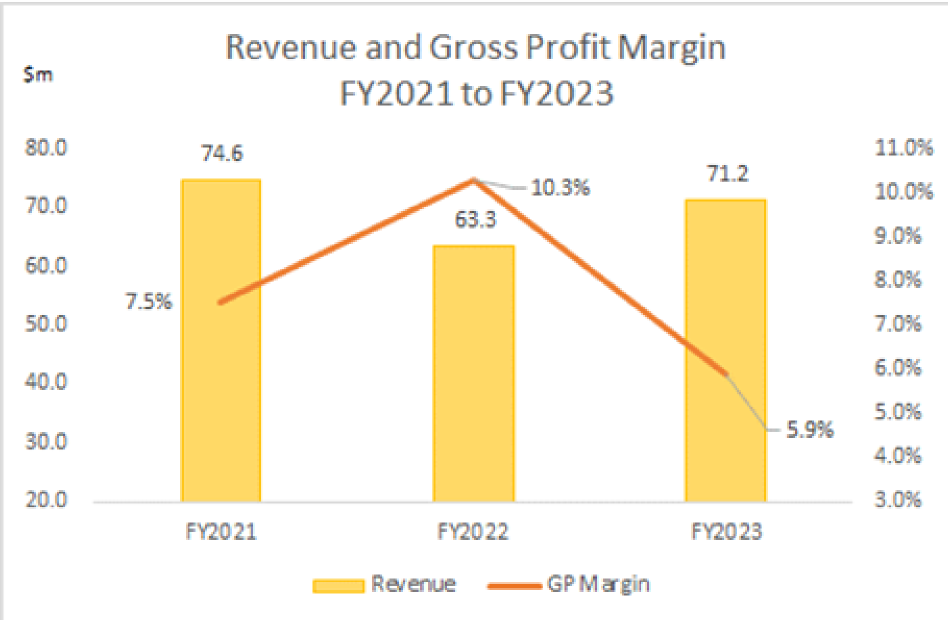
F. Other Information Required by Listing Rule Appendix 7.2

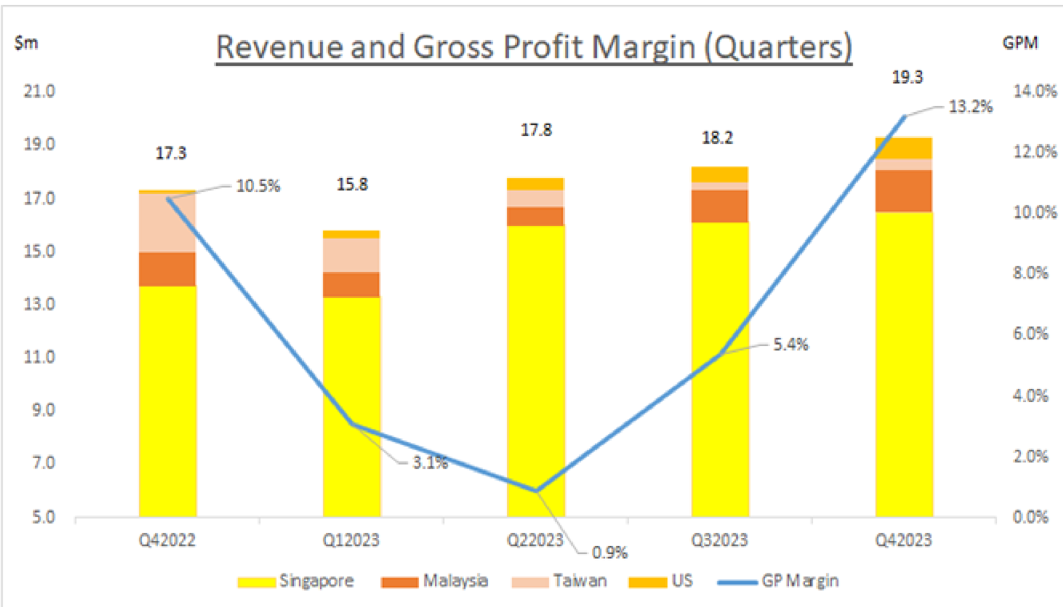
1. Whether the figures have been audited or reviewed

The condensed consolidated statement of financial position of Mun Siong Engineering Ltd and its subsidiaries as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue and Profitability





	2H2023	2H2022	Variance		FY2023	FY2022	Variance	
Operations	$'000	$'000	$'000	%	$'000	$'000	$'000	%
Singapore	32,701	27,594	5,107	18.5%	62,009	53,260	8,749	16.4%
Malaysia	2,849	2,115	734	34.7%	4,492	3,438	1,054	30.7%
Taiwan	679	2,777	(2,098)	-75.5%	2,538	6,380	(3,842)	-60.2%
US	1,391	212	1,179	NM	2,168	212	1,956	NM
	37,620	32,698	4,922	15.1%	71,207	63,290	7,917	12.5%

NM- not meaningful

2H2023 versus 2H2022

The Group achieved revenue of $37.6 million, an increase of $4.9 million or 15.1% in the current period as compared to 2H2022. The Singapore operations was the main revenue contributor.

Comparing 2H2023 and 2H2022, the cost of sales increased by $5.2 million or 17.9% to $34.1 million in the current period. The significant increase in costs came mostly from the Singapore and US operations. For the Taiwan operations, there was absence of high dollar value projects in the current period, hence lower costs of sales.

Comparing 2H2023 and 1H2023, the increases in cost of sales exceeds the increase in revenue – 2H2023 cost of sales increase was 17.9% against revenue increase of 15.1% and 1H2023 cost of sales increase was 18.2% against revenue increase of 9.8%. The difference between cost of sales and revenue increases was narrowed in 2H2023 due to improvement in the deployment of resources in the Singapore operations.

The Group generated both lower gross profit and margin of $3.5 million and 9.4% respectively in 2H2023 as compared to $3.8 million and 11.6% respectively in 2H2022. The decline in both gross profit and margin in 2H2023 were due to:

(i) In Q42022, the Taiwan operations finalized the CPC Kaohsiung project. This project was executed in Q42021 (FY2021) and completed in January 2022 (FY2022). Our accounting policy, following Singapore Financial Reporting Standards, requires all costs to be accounted for in FY2021 while revenue is accounted for after finalization (FY2022). FY2022 registered significantly higher profits. Due to the 3 years suspension, commencing December 2022, the Taiwan operations was precluded from participating in government tenders – causing it to suffer gross loss in 2H2023.

(ii) Both US operations and Taiwan operations incurred gross losses in 2H2023.

FY2023 versus FY2022

The Group achieved revenue of $71.2 million for FY2023 (FY2022: $63.3 million). An increase of $7.9 million or 12.5%. Singapore operations contributed significantly to this increase.

Cost of sales increased by $10.2 million or 18.0% to $67.0 million in FY2023 (FY2022: $56.8 million). This increase was mainly attributed to the US operations ($2.7 million - commenced cleaning operations in 2023) and Singapore operations ($9.0 million - an increase in labour and its related costs (accommodation and government levies) and subcontractor costs).

The Group reported gross profit of $4.2 million (FY2022: $6.5 million) and margin of 5.9% (FY2022: 10.3%). Both Taiwan operations and US operations contributed to the decline in gross profit and margin.

Singapore operations

Comparing 2H2023 and 2H2022, revenue increased by $5.1 million or 18.5% in the period under review.

We registered positive gross profit and margins in both 2H2023 and 2H2022. The higher gross profit margin in 2H2023 was due to:

(i) The Group increased manpower in the 2H2022 in anticipation of being awarded a major project from a significant business partner. However, that project was put on hold due to changes in the business partner's business strategies. Despite some delays in releasing excess manpower arising from this development, we were able to deploy them (excess manpower) to our other work sites in the 2H2023. Prior to this deployment, subcontractors were used to supplement our manpower. This higher cost was included in our pricing.

(ii) Revised contract rates for some jobs came into effect in 2H2023.; and

(iii) More work activities in 2H2023 as compared to 2H2022.

The Singapore operations achieved both positive gross profit and margins throughout FY2023 and FY2022.

Malaysia Operations

Its contribution (to the Group revenue), of 6.3% in FY2023 , has become significant for the first time (FY2022: 5.4%), considering that revenue in FY2023 increased by 30.7% compared to FY2022. In both FY2022 and FY2023 it has registered both positive gross profit and margins. Notably, in the past few financial years its revenue has been on a steady uptrend.

Taiwan Operations

The Branch Office is on a 3-year suspension (effective from December 2022), precluding us from tendering government contracts, like those from CPC which contributed to our past profitability. PAI (a wholly owned subsidiary), which allows for better risk and management and is not bound by the 3-year suspension, will undertake all new contracts commencing FY2023. However without the track records of the Company/Branch Office, PAI can only undertake smaller dollar value job.

It suffered gross loss in 2H2023 (unable to fully absorbed fixed cost) as compared to a gross profit in 2H2022.

US operations

PIM completed setting up the cleaning equipment towards the end of Q12023 and commenced marketing activities. Our targeted business partners have since been auditing our facilities and processes. As part of their audit, they have placed small orders to test our capabilities.

To-date, PIM has been qualified by eleven business partners. These qualifications allow PIM to be included in their list of approved contractors.

PIM, a startup and commenced operations in 1H2023, incurred gross loss for FY2023.

Other income and Recoveries

2H2023 against 2H2022: increased by $643,000 or 140.1%

Mainly due to net gain on disposal of fixed assets and higher sales of scraps.

FY2023 against FY2022: increased by $1.5 million or 196.8%

Mainly due to the net gain on disposal of fixed assets (increased by $0.6 million) and high sales of scraps (increased by $0.6 million).

Administration expenses

	2H2023	2H2022	Variance	FY2023	FY2022	Variance
	$'000	$'000	$'000	$'000	$'000	$'000
Administration	3,899	3,006	893 (29.7%)	8,192	5,992	2,200 (36.7%)
Write back impairment of contract assets	(739)	(1,080)	(341) (31.6%)	(854)	(196)	658 (335.7%)
Impairment – trade receivables	38	-	NM	38	-	NM
Reinstatement -35 Tuas Road waterfront	720	-	NM	720	-	NM
Total	3,918	1,926	1,992 (103.4%)	8,096	5,796	2,300 (39.7%)

NM – not meaningful

For the writeback of impairment of contract assets and impairment for trade receivables - please refer to Note 6 for details.

The waterfront at 35 Tuas Road requires significant reinstatement (restoration) arising from erosion caused by currents and tides. Provision for reinstatement has been made since FY2014 and cumulatively was $1.3 million as at 31 December 2022. However, arising from the unexpected condition of the waterfront, the current provision was insufficient and an additional provision of $0.7 million was deemed necessary. This brought the provision for reinstatement to $2.0 million as at 31 December 2023.

Reinstatement work for the waterfront can only commence after relevant government authorities' approvals are obtained.

Comparing 2H2023 against 2H2022, the increase of $0.9 million, was attributed to the US operations arising mostly from staff cost ($0.4 million) and Singapore operations arising from higher depreciation costs and provisions for unutilized leave ($0.5 million).

Comparing FY2022 ($6.0 million) and FY2023 ($8.2 million), excluding impairments and provision for reinstatement), increased by $2.2 million. Increase was attributed to both the US operations ($1.2 million) and Singapore operations ($1.0 million).

Other Operating Expenses

2H2023 against 2H2022: decreased by $414,000 or 46.9%

Lower exchange losses (mostly unrealized) recognized in 2H2023 as compared to 2H2022.

Taiwan operations moved to a new yard at the end of December 2023 and wrote off certain fixed assets amounting to $0.2 million.

FY2023 against 2H2022: decreased by $301,000 or 27.6%

The decrease was due to lower exchange losses incurred in FY2023. This was offset by the write-off of fixed assets of $0.2 million, as mentioned above.

Share of results of an equity accounted investee – 49% interest in HIMS

FY2022 and FY2023, share of profit from HIMS, was $317,000 and $65,000 respectively and in 2H2022 and 2H2023 it was $315,000 and $87,000 respectively. The better performance in FY2022 was due to write back of impairment made in FY2021.

Finance Income

Cash balances were deployed to either working capital or expenditure during FY2023. The availability of surplus cash balances for placement into interest bearing deposits was significantly lowered than in previous financial years. Reduction in finance income was acute in both 2H2023 ($16,000) compared to 2H2022 ($206,000) and FY2023 ($108,000) compared to FY2022 ($255,000).

Finance Costs

Finance costs comprise of interest cost on bank loans, finance lease liabilities and reinstatement costs.

In FY2023, in meeting various capital expenditures, the Group utilized short term credit facilities to finance its working capital needs. Interest expense in 2H2023 was ($25,000) compared to 2H2022 ($Nil), and FY2023 ($25,000) and FY2022 ($Nil), an increase in FY2023. The interest rates were between 5.27% to 5.39% pa and on average 30 days tenor.

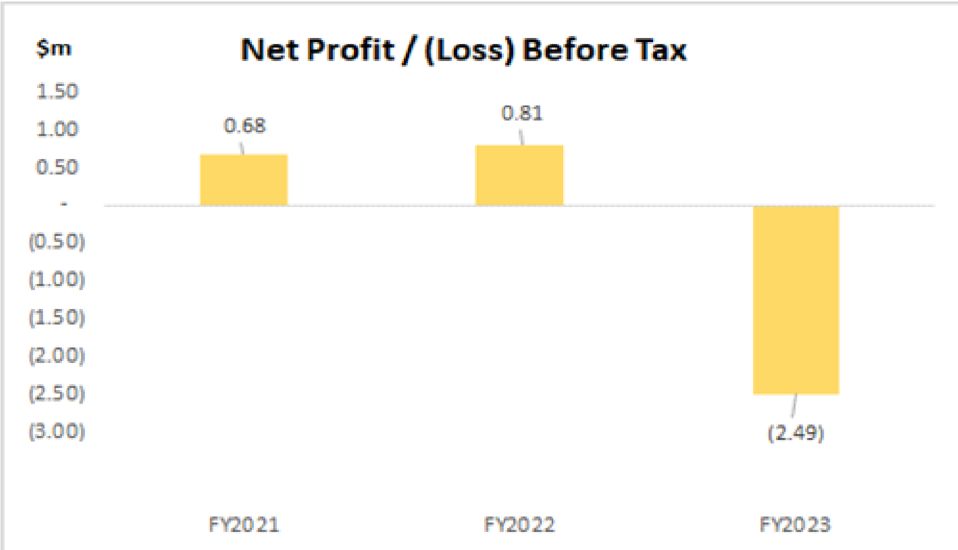
The Group also undertook a temporary bridging loan, 5 years tenor with monthly repayment, extended by the Singapore government in FY2020. This loan will mature in 2025 and at interest rates between 2.0% and 2.1% pa. Interest cost for FY2023 was $56,000 and FY2022 was $81,000.

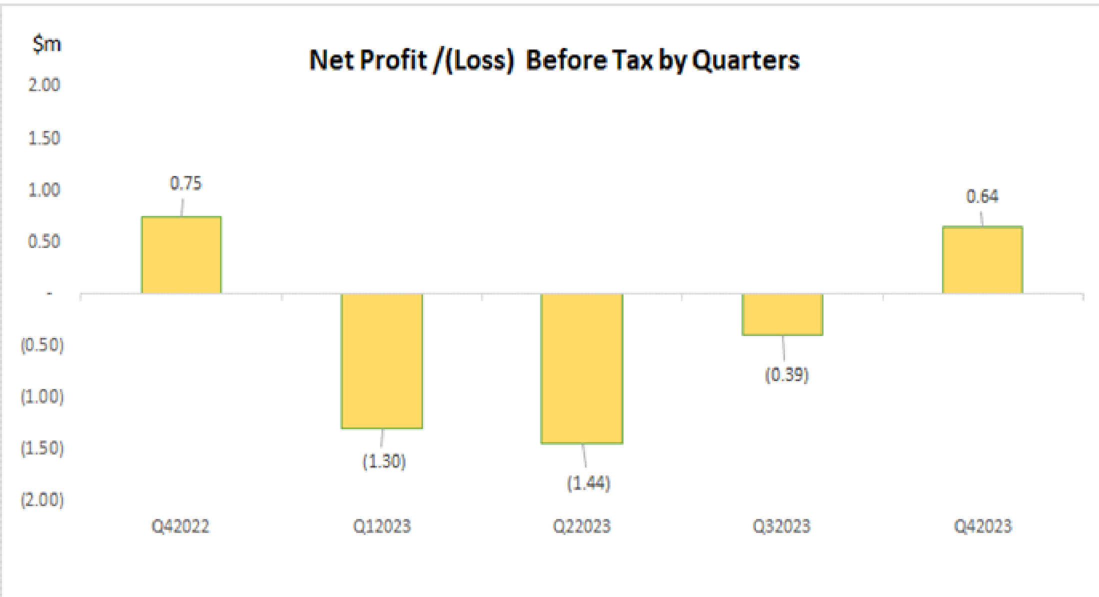
Finance lease liabilities and unwinding of discount on provision for reinstatement costs relate mostly to the recently acquired 26 Gul Way. For 2H2023, it was $71,000 (2H2022: $27,000) FY2023 was $126,000 (FY2022: $50,000).

Tax Expense

Although the Group reported a net loss for FY2023, a higher tax provision was made in FY2023 ($625,000) as compared to FY2022 ($391,000). Both Singapore operations and Malaysian operations were profitable and subjected to taxes. We also wrote back deferred tax liabilities of $340,000 in FY2023.

Current year performance





In 2H2023, the Group achieved a net profit before tax of $0.3 million, despite the US operations and Taiwan operations incurring losses, as compared to a net profit before tax of $1.9 million in 2H2022. Profits in 2H2022 were substantially from the Taiwan operation – finalization of the CPC Kaohsiung project.

The Group incurred a net loss before tax of $2.5 million in FY2023 as compared to a net profit before tax of $0.8 million in FY2022. Both US operations and Taiwan operations contributed to the losses in the current year.

The Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") for FY2023 and FY2022 was $1.1 million and $4.2 million respectively. Despite net losses, the Group was able to generate positive EBITDA in the current year.

Review of statements of financial position

(i) Property, plant and equipment (Group level increased by $12.7 million / Company level increased by $7.6 million)

The property, plant and equipment include the rights of use assets and reinstatement.

During the year, the Group added $17.6 million to fixed assets. The major acquisitions were: (a) purchase of leasehold property at 26 Gul Way, (b)completion of construction of Malaysia fabrication yard and (c) purchased of equipment for the US operations. We also recognized the rights of use assets (as well as the corresponding lease liabilities) and reinstatement costs for 26 Gul Way.

Disposal and write-off of fixed assets amounted to $1.0 million in FY2023. Due to the smaller workshop area at 26 Gul Way, besides some equipment being transferred to our Malaysian workshop, certain fixed assets were also disposed of. Taiwan operations terminated its lease, to reduce operating cost, moved to a smaller workshop towards the end of 2023, resulting in certain assets to be written off. This downsizing, with a lower cost structure, would improve its competitiveness when bidding for jobs.

FY2023 depreciation cost was $3.5 million (FY2022: $3.2 million).

The increase at Company level is mainly attributable to the purchase of 26 Gul Way and its related costs.

(ii) Investment in an equity accounted investee – HIMS (Group /Company increased by $0.3 million)

In Q42023, both shareholders of HIMS agreed on a prorated basis to increase the share capital in HIMS from the existing RM1.0 million to RM3.0 million, an increase of RM2.0 million. The Company currently holds a 49% interest in HIMS.

The increase of RM2.0 million comprises of capitalization of shareholder's loan (extended to HIMS for working capital) and cash. The capitalization will be completed in Q12024 and for financial reporting purposes the above RM2.0 million has been reported as capital contribution.

Our prorated share of 49% interest is RM980,000 (equivalent to $300,000).

(iiii) Non-current other receivables (Company: decreased by $1.7 million)

The decrease was mainly due to reclassification to current assets as they fall due in 2024. Non-current other receivables comprise only of amounts due from legal entities within the Group. These amounts, in the form of shareholder's loans, were extended for working capital and capital expenditure.

(iv) Contract assets (Group increased by $1.0 million / Company level decreased by $0.5 million)
Contract liabilities (Group/Company levels increased by $380,000)

As at 31 December	FY2023	FY2022	Variance
	$'000	$'000	$'000
Contract assets	7,097	6,985	112
Less impairment for contract assets	(137)	(1,057)	(920)
Net contract assets	6,960	5,928	1,032

There was no significant increase in contract assets between the two financial years.

During the year, PAE M wrote-back impairment of contract assets of $0.9 million (after payments were received). The written back amount represents 87% of the impairment made as at 31 December 2022. There was no additional impairment made during FY2023 and as at 31 December 2023 the impairment balance was $137,000 or 13.0% of 31 December 2022 balance. The Group believes the remaining amount will be written back during FY2024.

The decrease in contract assets of $0.5 million, at the Company level, was due to the increase in billings towards the end of 2023.

As at 31 December 2023, the Group and Company received advances from customers (contract liabilities) of $0.4 million for some of its projects. However, as at 31 December 2022 there were no advances received from customers.

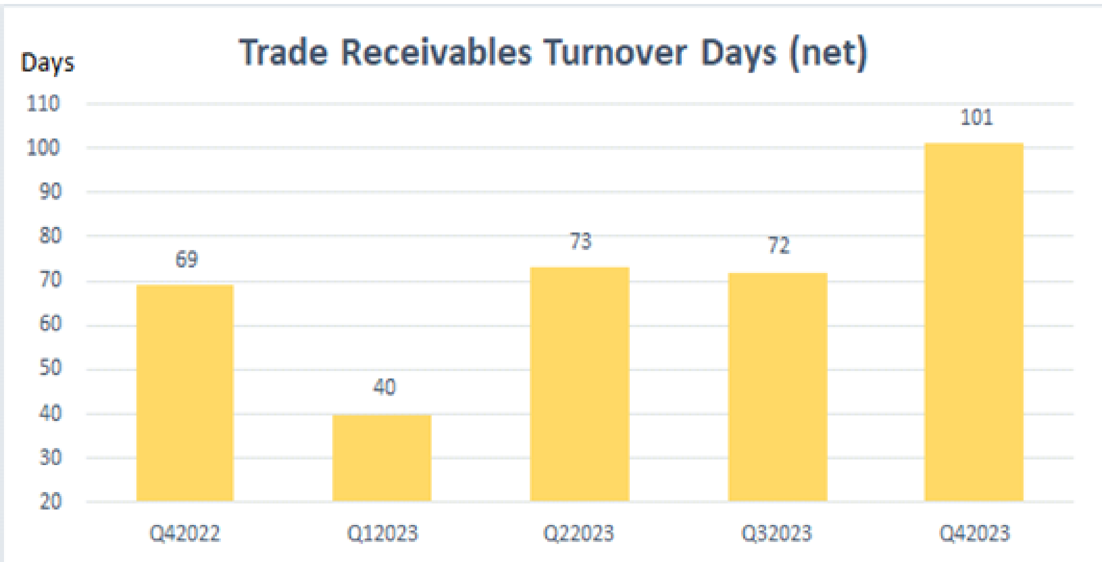
(v) Trade and other receivables (Group level increased by $6.1 million/ Company level increased by $12.6 million)

Group

As at 31 December, the trade receivable balances were $19.6 million (2023) and $12.0 million (2022), an increase of $7.6 million. Both the increase in job activities and billings towards the financial year end contributed to the increase in trade receivable balances.

Other receivables (deposits and prepayments), mostly relating to deposits pertaining to the purchase of 26 Gul Way and fixed assets for the US operations, decreased by $1.5 million, difference between end of FY2023 ($2.0 million) and FY2022 ($3.5 million). This difference had been reclassified to fixed assets when the purchases/transactions were completed in 2023.

As at 31 January 2024, $9.7 million or 49.4% of the trade receivables as at 31 December 2023 has been realized.



As at 31 December 2023, an amount of $3.8 million or 19.3% of the trade receivables balances was attributed to a single business partner. This business partner took longer than expected time to finalize the contract value. We have received full payment in January 2024.

Due to this incident, the trade receivable turnover days increased from 73 days (30 June 2023) and 69 days (31 December 2022) to 101 days (FY2023). If we excluded this incident, we would have achieved debtor turnover days of 81.

At the Company level, the trade and other receivables balances were $28.5 million and $15.9 million at the end of FY2023 and FY2022 respectively. The increase of $12.6 million were due to:

(a) increase in trade receivables balances of $7.5 million – delay in finalizing of contract value, increase in work activities and increase in billings towards the end of the financial year;

(b) increase in amount of $6.4 million due from entities within the Group (including reclassification from non-current to current as it becomes due in 2024 – refer to the paragraph on non-current other receivables); and

(c) reduction in prepayments of $1.5 million (deposit for the purchase of 26 Gul Way) reclassification to fixed assets when the purchase was completed.

(vi) Loans and Borrowings (Group: decreased by $0.6 million /Company: decreased by $0.8 million)

Loans and borrowings comprise of the temporary bridging loan, short term loan, hire purchase and lease liabilities. Refer to Note 13 for further breakdown of the loans and borrowings.

The Group and Company does not have any outstanding short-term loan as at 31 December 2023 likewise as at 31 December 2022.

The Group repaid $1.2 million of the temporary bridging loan during the year.

The Group also recognized new lease liabilities of $1.4 million and $0.2 million for 26 Gul Way and new yard leased by the Taiwan operations respectively.

The Group also ended its leases at 35 Tuas Road (lease expired), workshop in Johor Malaysia (relocated to our own workshop) and yard in Taiwan (downsizing).

As at 31 December 2023, our gross debt to shareholder's funds ratio was 7.4% (30 June 2023: 14.3% and 31 December 2022: 8.0%).

(vii) Trade and other payables (Group increased by $3.0 million and Company increased by $1.3 million)

The increase was mostly due to higher payable balances (increase in work activities) and timing of payments to our creditors.

(viii) Provisions (Group/Company increased by $1.4 million)

As at 31 December, the provisions consist of the following:

	FY2023	FY2022	Variance	Remarks
	$'000	$'000	$'000	
Provisions for reinstatement (restoration)	2,594	1,315	1,279	(i) Reinstatement for 26 Gul Way: $0.5 million (2022: $Nil) (ii) additional provision of $0.7 million for 35 Tuas Road waterfront reinstatement.
Provision for reworks	546	462	84	additional provision for a Taiwan customer
Total	3,140	1,777	1,363	

(ix) Tax payable (Group increased by $0.5 million and Company increased by $0.5 million)

The increase in tax payable (provisions) at the Group level was due to tax provisions made for the Singapore and Malaysia operations. These two operations were profitable in FY2023.

(x) Deferred Tax liabilities (Group decreased by $0.3 million and Company decreased by $0.4 million)

We have written back deferred tax liabilities during the year being disposal of certain fixed assets and increase in non-qualifying fixed assets.

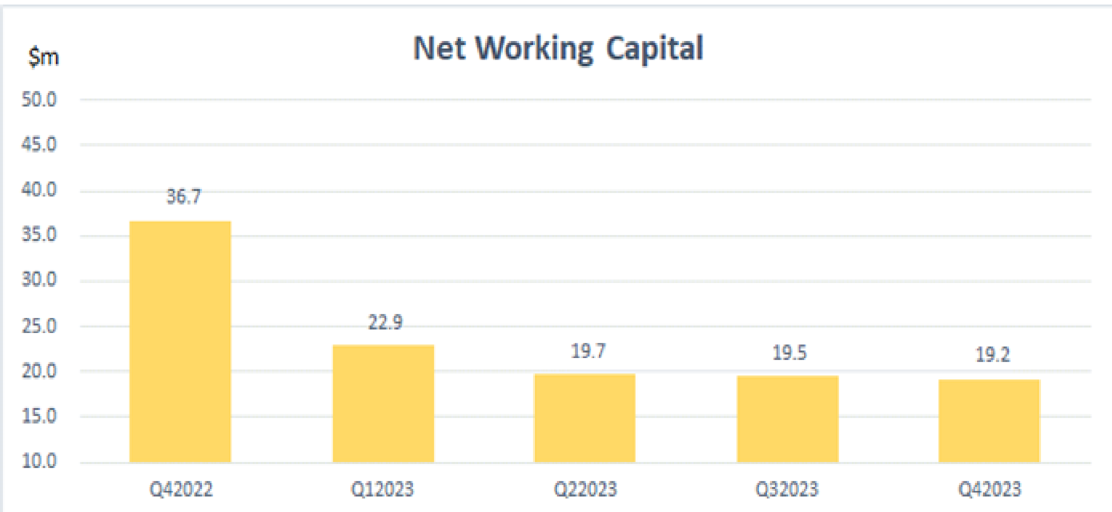
Review of cash flow statement

The Group reported a cash balance of $9.7 million as at 31 December 2023 (31 December 2022: $28.6 million). The bank and cash balances as at 31 January 2024 stood at $10.8 million.

The decline in cash balances of $18.9 million between financial year end of FY2023 and FY2022 were due to:

	$ million
Net cash used in operating activities	(2.6)
Net cash used in investing activities	(14.1)
Net cash used in financing activities	(2.2)
Net decrease in cash balances	(18.9)

At the Company level, at end of FY2023, there was a decline of cash balances by $15.1 million to $8.0 million. The decline was due to the purchase of 26 Gul Way and the increase in shareholder's loans to the various legal entities within the Group for working capital and capital expenditures. The latter is for the construction costs of the Malaysia fabrication yard and purchase of fixed assets for the US operations.



Net working capital (Current assets less current liabilities) was $19.2 million as at 31 December 2023 compared to $36.7 million as at 31 December 2022. The deterioration in working capital, $17.5 million, is due to various capital expenditures made during FY2023.

3. 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.

4. 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 operating period and the next 12 months

Interest rates:

Major central banks have kept key interest rates unchanged. Both political pressure and the rising cost of living, arising from elevated interest rates to check inflationary pressure, have exerted strong pressure on central bankers to hold off any further upwards revision in key interest rates. Inflationary pressure although has eased off its peak, it has not returned to the level that central bankers would be comfortable with. The current interest levels are likely to hold at least in the near term until clearer visibility on key inflationary indicators (like wholesale price index, producers price index, food price index and gross domestic product).

Elevated interest rates have a negative effect on both our business partners and us (cost of borrowing). High borrowing costs, due to higher interest rates, are a deterrent to further capital expenditure or expansionary strategies. We are dependent on both for our revenue.

Working capital:

In the last 2 financial years, the Group undertook several major capital expenditures to preserve its viability. Namely, relocation to 26 Gul Way (expiry of the lease at 35 Tuas Road), investment into PIM to establish an operating presence in the US (greater opportunities due to larger number of players) and establishment of a workshop facilities at Johor Malaysia (both to further our business interest in Malaysia and overcome manpower constraints and higher operating cost in Singapore).

Total capital expenditure was $24.3 million and was financed by our cash balances, causing a sharp decrease in our working capital. Both Malaysia and US operations, despite been sufficiently capitalized, are unable to obtain working capital financing from local banks unless the Company provides a corporate guarantee. Their working capital is supported by the Company through intercompany loans.

During FY2023 on several occasions we had relied on existing credit facilities to bridge shortfall in working capital and the borrowing cost was $25,000. However, if any increase in the loan period (currently drawn 30 days tenor) or loan quantum or interest rates, the Group's profitability and cashflows will be negatively affected. This will elevate our financial risk and cause our lenders to "reprice" their credit facilities and impose additional financial covenants.

On 28 February 2024, the Company has entered into two (amount: S$1.5 million and RM 1.0 million) separate 3 years revolving credit facility agreements with Cheng Woei Fen (Executive Chairlady and controlling shareholder) at significant lower pricing. These loans are provided at no more onerous terms than those from existing lenders. This would constitute a related party transaction under Chapter 9 of the Listing Rules. For further details please refer to our announcement dated 28 February 2024.

Singapore operations

Effective 1 January 2024, the foreign workers quota has been revised making it challenging for companies who are dependent on foreign labour – like us – to further increase their workforce. We have centralized certain functions which enable our resources like manpower and fixed assets to be better utilized. The direct employed workforce has also been trained to multi tasks/skilled.

The Singapore operations are in discussions with several potential business partners, some of which are outside the oil and gas industry. In the current escalating cost environment, rates have been the key point in all these discussions.

Besides the above, we are also looking into increasing the range of our services.

Malaysia Operations

Petronas has recently extended the contract award for a further 3 years, expiring March 2027. This development is positive for HIMS (the contract award holder), the joint venture entity in which the Company has a 49% interest in.

Due to both operating cost and manpower constraints in Singapore, certain equipment from the Singapore workshop has been relocated to the Malaysian yard. This would also allow the workshop at 26 Gul Way to operate at a much-reduced space – reducing operating costs.

Taiwan Operations

Previously, contracts and execution were undertaken by the Branch Office. However, in FY2023 and to better manage risks, new jobs are executed by PAI (a wholly owned subsidiary). PAI, which is outside of the 3 years suspension, has a short operating history. This pose challenges when PAI tenders for jobs that are significant in dollar value.

US operations

Since early FY2023, marketing efforts have been continuous and relentless. PIM is an approved vendor to eleven companies (including two customers in Canada). They are mostly in the oil and gas sectors. Notably two of these refinery companies, have a refining capacity of 450,000 barrels per day and 270,000 barrels per day respectively.

Towards the end of FY2023, PIM secured from one of these companies a mid-size turnaround cleaning contract. They are part of a multinational corporation and our Singapore operations has business relationship with this company for more than 2 decades. However, both operations are managed independently.

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

Yes. Proposed final dividend but not recognised as a liability in the current financial year is as follows:

Name of dividend	Final
Dividend type	Cash
Amount	0.04 cents per ordinary share
Tax rate	Tax exempt (one-tier)

The Directors are pleased to propose a final tax exempt one-tier cash dividend of 0.04 cents per share (FY2022: tax exempt one-tier cash dividend of 0.04 cents per share) in respect of the financial year ended 31 December 2023. The proposed dividends will be paid out from our positive retained earnings as the Group suffered a net loss for the year. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

FY2022

Name of dividend	Final
Dividend type	Cash
Amount	0.04 cents per ordinary share
Tax rate	Tax exempt (one-tier)

5c. Date Payable

To be announced later. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

5d. Books Closure Date

To be announced later. The proposed dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions. There were no Interested Party Transactions in FY2023.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Disclosure of persons occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director, CEO or substantial shareholder of the Company pursuant to Rule 704(13).

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 held	Details of changes in duties and position held, if any, during the year
Cheng Woei Fen	66	Mother of Quek Kian Teck (substantial shareholder) and Quek Kian Hui (Executive Deputy Chairman)	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	39	Son of Cheng Woei Fen (Executive Chairlady cum CEO)	Executive Deputy Chairman Assist the Chairlady cum CEO in management of the operations of Mun Siong Engineering Limited. Year when position was first held: 2021	N.A

On behalf of the Board of Directors

Cheng Woei Fen **Executive Chairlady**	**Quek Kian Hui** **Executive Deputy Chairman**

28 February 2024