**Mun Siong Engineering Limited**

Condensed Interim Financial Statements for the six months and full year ended 31 December 2024

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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 / (Decr) | Year ended 31 Dec | | Incr / (Decr) |
| | 2H 2024 | 2H 2023 | | 2024 | 2023 | |
| | $'000 | $'000 | % | $'000 | $'000 | % |
| Revenue | 34,487 | 37,620 | (8.3) | 64,826 | 71,207 | (9.0) |
| Cost of sales | (34,956) | (34,072) | 2.6 | (63,691) | (67,010) | (5.0) |
| Gross profit | (469) | 3,548 | (113.2) | 1,135 | 4,197 | (73.0) |
| Other income and recoveries | 486 | 1,102 | (55.9) | 736 | 2,238 | (67.1) |
| Administrative expenses | (3,947) | (3,918) | 0.7 | (7,695) | (8,096) | (5.0) |
| Impairment of property, plant and equipment | (1,038) | - | NM | (1,038) | - | NM |
| Other operating income /(expenses) | 64 | (468) | 113.7 | 509 | (791) | 164.3 |
| Share of results of an equity-accounted investee | 79 | 87 | (9.2) | 143 | 65 | 120.0 |
| **Results from operating activities** | (4,825) | 351 | (1,474.6) | (6,210) | (2,387) | 160.2 |
| Finance income | 67 | 16 | 318.8 | 220 | 108 | 103.7 |
| Finance costs | (124) | (115) | 7.8 | (198) | (207) | (4.3) |
| **Profit / (Loss) before income tax** | (4,882) | 252 | (2,037.3) | (6,188) | (2,486) | 148.9 |
| Tax credit/(expense) | 992 | (190) | (622.1) | 665 | (319) | (308.5) |
| **Profit / (Loss) after income tax** | **(3,890)** | **62** | (6,374.2) | **(5,523)** | **(2,805)** | 96.9 |
| **Other comprehensive income:** | | | | | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | | | | |
| Foreign currency translation difference from foreign operations | 395 | (95) | (515.8) | 334 | (50) | (768.0) |
| **Total comprehensive income /(loss)** | **(3,495)** | **(33)** | 10,490.9 | **(5,189)** | **(2,855)** | 81.8 |
| **Profit / (Loss) attributable to:** | | | | | | |
| Owners of the Company | **(3,890)** | **62** | (6,374.2) | **(5,523)** | **(2,805)** | 96.9 |
| Non-controlling interest | **-** | **-** | - | **-** | **-** | - |
| | **(3,890)** | **62** | (6,374.2) | **(5,523)** | **(2,805)** | 96.9 |
| **Total comprehensive income /(loss) attributable to:** | | | | | | |
| Owners of the Company | **(3,495)** | **(33)** | 10,490.9 | **(5,189)** | **(2,855)** | 81.8 |
| Non-controlling interest | **-** | **-** | - | **-** | **-** | - |
| | **(3,495)** | **(33)** | 10,490.9 | **(5,189)** | **(2,855)** | 81.8 |
| **Earnings per share for profit/(loss) for the period attributable to the owners of the Company during the year:** | | | | | | |
| Basic (SGD in cent) | (0.67) | 0.01 | | (0.95) | (0.48) | |
| Diluted (SGD in cent) | (0.67) | 0.01 | | (0.95) | (0.48) | |

*NM: Not meaningful*

## B. Condensed interim statements of financial position

| | Group | | Change | Company (Note 1) | | Change |
|---|---|---|---|---|---|---|
| | 31 Dec 24 | 31 Dec 23 | % | 31 Dec 24 | 31 Dec 23 | % |
| | $'000 | $'000 | | $'000 | $'000 | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 33,220 | 34,875 | (4.7) | 18,987 | 20,792 | (8.7) |
| Investment properties | 1,380 | 1,340 | 3.0 | 1,380 | 1,340 | 3.0 |
| Investment in an equity-accounted investee | 839 | 660 | 27.1 | 622 | 622 | - |
| Subsidiaries | - | - | - | 4,223 | 4,223 | - |
| Other receivables | - | - | - | 21,635 | 11,101 | 94.9 |
| **Total non-current assets** | **35,439** | **36,875** | (3.9) | **46,847** | **38,078** | 23.0 |
| | | | | | | |
| Inventories | 138 | 111 | 24.3 | 138 | 111 | 24.3 |
| Contract assets | 9,318 | 6,960 | 33.9 | 4,762 | 4,826 | (1.3) |
| Trade and other receivables | 16,999 | 21,660 | (21.5) | 17,242 | 28,453 | (39.4) |
| Cash and cash equivalents | 10,268 | 9,720 | 5.6 | 7,429 | 7,979 | (6.9) |
| **Total current assets** | 36,723 | 38,451 | (4.5) | 29,571 | 41,369 | (28.5) |
| | | | | | | |
| **Total assets** | **72,162** | **75,326** | (4.2) | **76,418** | **79,447** | (3.8) |
| | | | | | | |
| **Equity** | | | | | | |
| Share capital | 26,254 | 26,254 | - | 26,254 | 26,254 | - |
| Treasury shares | (1) | (30) | (96.7) | (1) | (30) | (96.7) |
| Share based compensation reserve | (61) | (58) | 5.2 | (61) | (58) | 5.2 |
| Translation reserve | 363 | 29 | 1,151.7 | 37 | 65 | (43.1) |
| Retained earnings | 20,076 | 25,831 | (22.3) | 30,511 | 32,647 | (6.5) |
| **Equity attributable to owners of the Company** | **46,631** | **52,026** | (10.4) | **56,740** | **58,878** | (3.6) |
| Non-controlling interests | - | - | - | - | - | - |
| **Total equity** | **46,631** | **52,026** | (10.4) | **56,740** | **58,878** | (3.6) |
| | | | | | | |
| **Non-current liabilities** | | | | | | |
| Loans and borrowings | 1,382 | 2,451 | (43.6) | 1,302 | 2,287 | (43.1) |
| Provisions | 569 | 541 | 5.2 | 569 | 541 | 5.2 |
| Deferred tax liabilities | 517 | 1,069 | (51.6) | 466 | 1,023 | (54.4) |
| **Total non-current liabilities** | 2,468 | 4,061 | (39.2) | 2,337 | 3,851 | (39.3) |
| | | | | | | |
| **Current liabilities** | | | | | | |
| Trade and other payables | 15,070 | 14,246 | 5.8 | 9,383 | 11,823 | (20.6) |
| Contract liabilities | 89 | 380 | (76.6) | - | 380 | (100.0) |
| Provisions | 1,993 | 2,599 | (23.3) | 1,993 | 2,599 | (23.3) |
| Loan from shareholder | 1,808 | - | NM | 1,808 | - | NM |
| Loans and borrowings | 4,262 | 1,415 | 201.2 | 4,157 | 1,335 | 211.4 |
| Tax payable / (recoverable) | (159) | 599 | (126.5) | - | 581 | (100.0) |
| **Total current liabilities** | 23,063 | 19,239 | 19.9 | 17,341 | 16,718 | 3.7 |
| | | | | | | |
| **Total liabilities** | **25,531** | **23,300** | 9.6 | **19,678** | **20,569** | (4.3) |
| | | | | | | |
| **Total equity and liabilities** | **72,162** | **75,326** | (4.2) | **76,418** | **79,447** | (3.8) |

*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 |
|---|---|---|---|---|---|---|---|---|
| **2024** | | | | | | | | |
| Balance at 1 January | 26,254 | (30) | (58) | 29 | 25,831 | 52,026 | - | 52,026 |
| Loss for the year | - | - | - | - | (5,523) | (5,523) | - | (5,523) |
| Foreign currency translation difference from foreign operations | - | - | - | 334 | - | 334 | - | 334 |
| Dividends paid | - | - | - | - | (232) | (232) | - | (232) |
| Grant of performance shares to employees | - | 29 | (3) | - | - | 26 | - | 26 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - |
| **Balance at 31 December** | **26,254** | **(1)** | **(61)** | **363** | **20,076** | **46,631** | **-** | **46,631** |
| **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** |

| The Company | Share Capital $'000 | Treasury Shares $'000 | Share Based Compensation Reserve $'000 | Translation Reserve $'000 | Retained Earnings $'000 | Total $'000 |
|---|---|---|---|---|---|---|
| **2024** | | | | | | |
| Balance at 1 January | 26,254 | (30) | (58) | 65 | 32,647 | 58,878 |
| Loss for the year | - | - | - | - | (1,904) | (1,904) |
| Foreign currency translation difference from foreign operations | - | - | - | (28) | - | (28) |
| Dividends paid | - | - | - | - | (232) | (232) |
| Grant of performance shares to employees | - | 29 | (3) | - | - | 26 |
| Purchase of treasury shares | - | - | - | - | - | - |
| **Balance at 31 December** | **26,254** | **(1)** | **(61)** | **37** | **30,511** | **56,740** |
| **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** |

## D. Condensed interim consolidated statement of cash flows

| | Group | | Group | |
|---|---|---|---|---|
| | 2H 2024 | 2H 2023 | FY2024 | FY2023 |
| **Cash flows from operating activities** | **$'000** | **$'000** | **$'000** | **$'000** |
| (Loss)/Profit before income tax | (4,882) | 252 | (6,188) | (2,486) |
| *Adjustments for:* | | | | |
| Depreciation of property, plant and equipment | 1,432 | 1,800 | 2,848 | 3,454 |
| Impairment of property,plant and equipment | 1,038 | - | 1,038 | - |
| Interest expense | 109 | 96 | 169 | 175 |
| Equity-settled share-based payment transactions | - | - | 26 | 37 |
| Fair value gain on investment properties | (40) | (40) | (40) | (40) |
| (Reversal)/Impairment losses on contract assets | (79) | (739) | (94) | (854) |
| Property, plant and equipment written off | - | 193 | 13 | 193 |
| (Reversal)/Impairment losses on trade receivables | (6) | 38 | (6) | 38 |
| Unwinding of discount on provision for restoration costs | 15 | 19 | 29 | 32 |
| Share of results of an equity-accounted investee | (79) | (87) | (143) | (65) |
| Interest income | (67) | (16) | (220) | (108) |
| Net (gain)/ loss on disposal of property, plant and equipment | 41 | (734) | 47 | (776) |
| **Operating cash flow before working capital changes** | **(2,518)** | **782** | **(2,521)** | **(400)** |
| Changes in inventories | (65) | 84 | (28) | 40 |
| Changes in contract assets | 1,019 | 7,369 | (2,231) | (112) |
| Changes in trade and other receivables | (5,451) | (5,479) | 4,657 | (7,957) |
| Changes in trade and other payables | 5,693 | 2,924 | 704 | 3,025 |
| Changes in contract liabilities | (413) | (81) | (290) | 380 |
| Changes in provisions | (546) | 804 | (546) | 804 |
| **Cash (used in)/generated from operating activities** | **(2,281)** | **6,403** | **(255)** | **(4,220)** |
| Tax paid (net) | (229) | (47) | (614) | (144) |
| **Net cash (used in)/generated from operating activities** | **(2,510)** | **6,356** | **(869)** | **(4,364)** |
| | | | | |
| **Cash flows from investing activities** | | | | |
| Interest received | 67 | 16 | 220 | 108 |
| Investment in an equity-accounted investee | - | (299) | - | (299) |
| Proceeds from disposal of property, plant and equipment | 231 | 1,128 | 239 | 1,227 |
| Acquisition of property, plant and equipment (Note 1) | (956) | 35 | (1,887) | (13,370) |
| **Net cash (used in)/generated from investing activities** | **(658)** | **880** | **(1,428)** | **(12,334)** |
| | | | | |
| **Cash flows from financing activities** | | | | |
| Purchase of treasury shares | - | (28) | - | (28) |
| Dividends paid | - | - | (232) | (232) |
| Proceeds from bank loans | 3,172 | 3,000 | 3,172 | 5,600 |
| Repayment of bank loans | (638) | (6,225) | (1,270) | (6,844) |
| Payment of lease liabilities | (103) | (182) | (178) | (564) |
| Proceeds from shareholder loan | 1,825 | - | 1,825 | - |
| Interest paid | (78) | (104) | (138) | (178) |
| **Net cash (used in)/generated from financing activities** | **4,178** | **(3,539)** | **3,179** | **(2,246)** |
| | | | | |
| **Net Increase/(decrease) in cash and cash equivalents** | **1,010** | **3,697** | **882** | **(18,944)** |
| Cash and cash equivalents at beginning of period/year | 9,317 | 6,233 | 9,720 | 28,647 |
| Effect of exchange rate fluctuations on cash held | (59) | (210) | (334) | 17 |
| | | | | |
| **Cash and cash equivalents at 31 December** | **10,268** | **9,720** | **10,268** | **9,720** |

Note 1: The non-cash transaction composes of an asset under hire lease purchase arrangement of $54,000 which was acquired in the current year (FY2023: $Nil)

# 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 2024 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 2024 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 2023.

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 2023.

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); 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 2024** | **2H 2023** | **2024** | **2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Revenue from contracts with customers | 34,487 | 37,620 | 64,826 | 71,207 |

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 has been no change in reportable segment since FY2023.

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 2024 and 2023.

| | 6 months ended 31 Dec | | Year ended 31 Dec | |
|---|---|---|---|---|
| **Reportable Segments** | **2H2024** | **2H2023** | **FY2024** | **FY2023** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Revenue from external parties | 34,487 | 37,620 | 64,826 | 71,207 |
| Interest income | 67 | 16 | 220 | 108 |
| Miscellaneous income | 24 | 36 | 49 | 199 |
| Total other income | 91 | 52 | 269 | 307 |
| Total revenue and other income | 34,578 | 37,672 | 65,095 | 71,514 |
| Depreciation | 1,432 | 1,800 | 2,848 | 3,454 |
| Impairment of property, plant and equipment | 1,038 | - | 1,038 | - |
| Finance expense | 109 | 96 | 169 | 175 |
| Segment profit / (loss) | (5,025) | 89 | (6,420) | (2,790) |
| Unallocated segment profits | 24 | 36 | 49 | 199 |
| Fair value gain/(loss) on investment properties | 40 | 40 | 40 | 40 |
| Share of results of an equity-accounted investee | 79 | 87 | 143 | 65 |
| Consolidated profit / (loss) before income tax | (4,882) | 252 | (6,188) | (2,486) |
| Tax (expense)/ credit | 992 | (190) | 665 | (319) |
| Earnings for the interim period / year | (3,890) | 62 | (5,523) | (2,805) |
| Capital expenditures | 1,010 | 909 | 1,941 | 15,949 |
| Total assets for reportable segment | | | 66,100 | 69,358 |
| Investment properties | | | 1,380 | 1,340 |
| Investment in equity-accounted investee | | | 839 | 660 |
| Right-of-use assets | | | 3,843 | 3,968 |
| Consolidated total assets | | | 72,162 | 75,326 |
| Total liabilities for reportable segment | | | 25,173 | 21,632 |
| Current tax payable /(recoverable) | | | (159) | 599 |
| Deferred tax liabilities | | | 517 | 1,069 |
| Consolidated total liabilities | | | 25,531 | 23,300 |

| Disaggregation of revenue | Group 6 months ended 31 Dec | | Group Year ended 31 Dec | |
|---|---|---|---|---|
| | 2H2024 | 2H2023 | FY2024 | FY2023 |
| | $'000 | $'000 | $'000 | $'000 |
| **Types of services:** | | | | |
| Rendering of services | 34,487 | 37,620 | 64,826 | 71,207 |
| **Timing of revenue recognition** | | | | |
| At a point in time | 21,791 | 26,014 | 48,740 | 48,920 |
| Over time | 12,696 | 11,606 | 16,086 | 22,287 |
| | 34,487 | 37,620 | 64,826 | 71,207 |
| **Geographical information** | | | | |
| Singapore | 24,877 | 31,404 | 44,851 | 60,409 |
| Indonesia | - | 661 | 58 | 661 |
| Malaysia | 3,803 | 3,485 | 8,668 | 5,431 |
| US | 4,678 | 1,390 | 9,248 | 2,168 |
| Taiwan | 1,078 | 680 | 1,746 | 2,538 |
| Philippines | - | - | 204 | - |
| Middle East | 51 | - | 51 | - |
| | 34,487 | 37,620 | 64,826 | 71,207 |

## A breakdown of sales:

| | Group | | Change |
|---|---|---|---|
| | FY2024 | FY2023 | |
| | $'000 | $'000 | (%) |
| Sales reported for the first half year | 30,339 | 33,587 | (9.7) |
| Operating loss after tax before deducting non-controlling interests reported for first half year | (1,633) | (2,867) | 43.0 |
| Sales reported for the second half year | 34,487 | 37,620 | (8.3) |
| Operating (loss)/ profit after tax before deducting non-controlling interests reported for second half year | (3,890) | 62 | (6,374.2) |

## 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 of 31 December 2024 and 31 December 2023.

| | Group | | Company | |
|---|---|---|---|---|
| | 31-Dec-24 | 31-Dec-23 | 31-Dec-24 | 31-Dec-23 |
| **Financial Assets** | $'000 | $'000 | $'000 | $'000 |
| **At amortised cost** | | | | |
| Trade and other receivables (exclude prepayments) | 16,773 | 21,283 | 38,727 | 39,283 |
| Cash and cash equivalents | 10,268 | 9,720 | 7,429 | 7,979 |
| | 27,041 | 31,003 | 46,156 | 47,262 |
| **Financial Liabilities** | | | | |
| **At amortised cost** | | | | |
| Trade and other payables | 15,070 | 14,246 | 9,383 | 11,823 |
| Loan from shareholder | 1,808 | - | 1,808 | - |
| Bank loans | 4,098 | 2,196 | 4,098 | 2,196 |
| | 20,976 | 16,442 | 15,289 | 14,019 |

*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 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 2024, the Group’s impairment for contract assets and trade receivables balances were $52,000 (2023: $137,000) and $32,000 (2023: $38,000) respectively.

## 7. Profit/(Loss) Before Income Tax

### 7.1. Significant Items

| | Group 6 months ended 31 Dec | | | Group Year ended 31 Dec | | |
|---|---|---|---|---|---|---|
| | 2H 2024 | 2H 2023 | Incr/ (Decr) | 2024 | 2023 | Incr/ (Decr) |
| | $'000 | $'000 | % | $'000 | $'000 | % |
| Depreciation of property, plant and equipment | 1,432 | 1,800 | (20.4) | 2,848 | 3,454 | (17.5) |
| Fair value gain on investment properties | (40) | (40) | - | (40) | (40) | - |
| Net (gain) / loss on disposal of property,plant and equipment | 41 | (734) | (105.6) | 47 | (776) | (106.1) |
| Property, plant and equipment written off | - | 193 | (100.0) | 13 | 193 | (93.3) |
| Impairment charge on property, plant and equipment | 1,038 | - | NM | 1,038 | - | NM |
| Impairment (reversal)/losses on trade receivables | (6) | 38 | 115.8 | (6) | 38 | 115.8 |
| Impairment (reversal)/losses on contract assets | (79) | (739) | (89.3) | (94) | (854) | (89.0) |
| Monetary penalties | - | 49 | (100.0) | - | 49 | (100.0) |
| Equity-settled share-based payment transactions | - | - | - | 26 | 37 | (29.7) |
| (Write back) /provision for reworks | (546) | 84 | 750.0 | (546) | 84 | 750.0 |
| Provision for reinstatement costs | - | 720 | (100.0) | - | 720 | (100.0) |
| Net foreign exchange loss /(gain) | (92) | 338 | 127.2 | (469) | 661 | 171.0 |
| Finance (income)/expenses: | | | | | | |
| Interest income | (67) | (16) | 318.8 | (220) | (108) | 103.7 |
| Interest on borrowings | 69 | 44 | 56.8 | 88 | 81 | 8.6 |
| Interest on lease liabilities | 40 | 52 | (23.1) | 81 | 94 | (13.8) |
| Unwinding of discount on provision for reinstatement costs | 15 | 19 | (21.1) | 29 | 32 | (9.4) |
| Over /(under) provision of tax in respect of prior years | 225 | 19 | 1,084.2 | 108 | (34) | 417.6 |

*NM: not meaningful*

### 7.2. Related Party Transactions

| | Group 6 months ended 31 Dec | | Group Year ended 31 Dec | |
|---|---|---|---|---|
| | 2H 2024 | 2H 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| **Income/(expense)** | | | | |
| *Equity-accounted investee* | | | | |
| Revenue from contract (rendering of services) | 3,658 | 2,575 | 7,633 | 4,218 |
| Management fees paid | (77) | (52) | (133) | (73) |
| Transactions with key management personnel | | | | |
| - Directors' fees | (77) | (58) | (151) | (116) |
| - Short-term employee benefits | (846) | (910) | (1,797) | (1,791) |

## 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:

| | Group | | Group | |
|---|---|---|---|---|
| | 6 months ended 31 Dec | | Year ended 31 Dec | |
| | 2H 2024 | 2H 2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Current income tax (expense) / credit | 85 | (549) | (6) | (625) |
| Over/(under) provision in respect of prior years | 225 | 19 | 108 | (34) |
| Deferred income tax expense relating to operation and reversal of temporary differences | 682 | 340 | 563 | 340 |
| Tax (expense) / credit | **992** | **(190)** | **665** | **(319)** |

## 9. Dividends Paid

| | FY2024 $'000 | FY2023 $'000 |
|---|---|---|
| **Cash dividends paid during the financial year**<br>A final one-tier tax exempt dividend of 0.04 cents per share in respect of FY2023. (2023: A final one-tier tax exempt dividend of 0.04 cents per share in respect of FY2022) | 232 | 232 |
| **Total** | 232 | 232 |

To conserve our current financial resources, the directors do not recommend any dividend for the financial year ended 31 December 2024. Furthermore, any payment of dividends will be from retained earnings as the Group incurred operating losses.

## 10. Net Asset Value

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2024 | 31 Dec 2023 |
| Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents) | 8.02 | 8.96 | 9.76 | 10.14 |
| Number of shares (issued and issuable) used in computing net asset value per ordinary share | 581,512,400 | 580,712,400 | 581,512,400 | 580,712,400 |

## 11. Property, Plant and Equipment

| | Group 6 months ended 31 Dec | | Group Year ended 31 Dec | |
|---|---|---|---|---|
| | 2H2024 | 2H2023 | 2024 | 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Acquisition | | | | |
| Property, plant and equipment | 1,010 | 909 | 1,941 | 15,949 |
| Rights of use assets | - | 244 | - | 1,680 |
| | 1,010 | 1,153 | 1,941 | 17,629 |
| Disposal and Write off | | | | |
| Property, plant and equipment | (272) | (570) | (299) | (627) |
| Rights of use assets | - | (417) | - | (417) |
| | (272) | (987) | (299) | (1,044) |
| Impairment charge | | | | |
| Property, plant and equipment | (1,038) | - | (1,038) | - |
| Rights of use assets | - | - | - | - |
| | (1,038) | - | (1,038) | - |

For the period under review, the Group's market capitalization is lower than its net assets as at 31 December 2024. Management had performed an internal impairment assessment of its properties, plant and equipment by determining the recoverable amount based on the value in use. In addition, Management had also engaged external independent qualified valuers to carry out an assessment of the recoverable amounts. The external valuers had indicated that there were indications of impairment losses on certain plant and equipment.

Accordingly, based on the external valuers' indications, the Group had recorded impairment losses (charge) on the plant and equipment of $1,038,000 for the financial year ended 31 December 2024 (2023: $Nil).

## 12. Investment Properties

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

| | Group and Company | |
|---|---|---|
| | 2024 | 2023 |
| **Investment Properties** | $'000 | $'000 |
| At 1 January | 1,340 | 1,300 |
| Fair value gain | 40 | 40 |
| At 31 December | 1,380 | 1,340 |

### 12.1. Valuation

The Group had engaged external independent 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 twelve months ended 31 December 2024, there is a fair value gain of $40,000 on the investment properties (31 December 2023: fair value gain of $40,000).

## 13. Loans and Borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 31 Dec 2024 | 31 Dec 2023 | 31 Dec 2024 | 31 Dec 2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Amount repayable within one year | | | | |
| Lease liabilities (secured) | 164 | 145 | 59 | 65 |
| Bank loans | | | | |
| -secured | - | - | - | - |
| -unsecured | 4,098 | 1,270 | 4,098 | 1,270 |
| Loan from shareholder (unsecured) | 1,808 | - | 1,808 | - |
| | 6,070 | 1,415 | 5,965 | 1,335 |
| Amount repayable after one year | | | | |
| Lease liabilities (secured) | 1,382 | 1,525 | 1,302 | 1,361 |
| Bank loans | | | | |
| -secured | - | - | - | - |
| -unsecured | - | 926 | - | 926 |
| Loan from shareholder (unsecured) | - | - | - | - |
| | 1,382 | 2,451 | 1,302 | 2,287 |
| | 7,452 | 3,866 | 7,267 | 3,622 |

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 August 2025) and is repayable monthly. Interest payments commenced in August 2020 and principal repayments commenced 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 2024 was $926,000 (31 December 2023: $2,196,000), in which the amount repayable within one year and after one year was $926,000 (31 December 2023: $1,270,000) and $Nil (31 December 2023: $926,000) respectively.

In the last quarter of 2024, the Company drew down $3,172,000 (2023: $Nil) of short-term borrowings (including invoice financing) to finance its working capital needs. These short-term borrowings are unsecured and interest bearing between 4.31% to 4.44% per annum. The tenor of these short-term borrowings ranges from 60 days to 90 days.

The Company, in 3Q2024, drew down $1.8 million (comprising SGD1.5 million and RM1.0 million) of the credit facilities extended by the executive director/controlling shareholder. The SGD loan outstanding is due in February 2025 and RM loan is due in May 2025. The loans were applied to working capital. There was no draw down in FY2023 as the credit facilities were only made available on 28 February 2024.

This is an Interested Party Transaction (Chapter 9 of the SGX-ST listing rules) and has been announced on the SGX-ST on 28 February 2024. Total credit facilities extended were S$1.5 million and RM1.0 million.

The Company drew down the SGD 1.5 million loan in 3Q2024 with a tenor of 3 months that matured in November 2024 at an interest rate of 3.60% pa. This loan upon maturity was rolled over to February 2025 at an interest rate of 3.26% pa. The RM 1.0 million loan was also drawn down in 3Q2024 and matured in November 2024 at an interest rate of 3.0% pa. Similarly, this RM loan was rolled over at the same interest rate with the loan maturing in May 2025. With the lender's consent, the Company (borrower) is permitted to rollover the outstanding loan amount. For FY2024, total interest expense incurred relating to these credit facilities was $23,000. Interest rates on third party loans (extended by financial institutions) on similar terms and conditions is priced above 4% pa which is higher than that paid under this interested party transactions.

The Company also entered into a hire purchase agreement of $54,000 in July 2024 to purchase an equipment. The tenor of this hire purchase agreement is for eleven months and will mature in May 2025.

## 14. Share Capital

| | Group and Company | | | |
|---|---|---|---|---|
| | As at 31 Dec 2024 | | As at 31 Dec 2023 | |
| | 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 | 30 | 834 | 42 |
| Purchase of treasury shares | - | - | 800 | 28 |
| Reissuance of treasury shares pursuant to share plan | (800) | (29) | (800) | (40) |
| As at 31 December | 34 | 1 | 834 | 30 |

The total number of issued shares excluding treasury shares as at 31 December 2024 was 581,512,400 (31 December 2023: 580,712,400).

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2024 and 31 December 2023.

## 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.

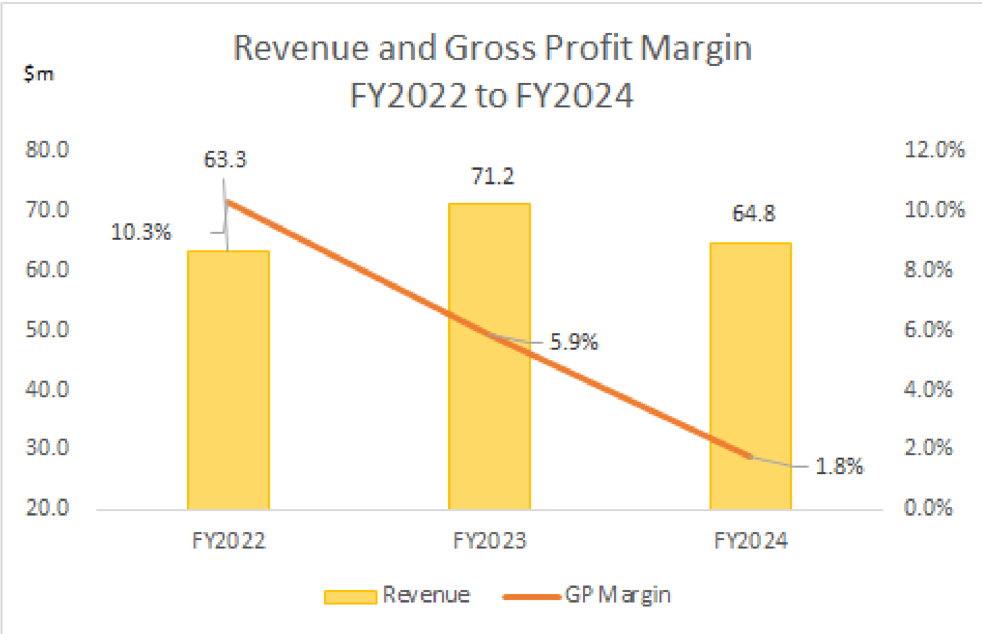
# F. Other Information Required by Listing Rule Appendix 7.2

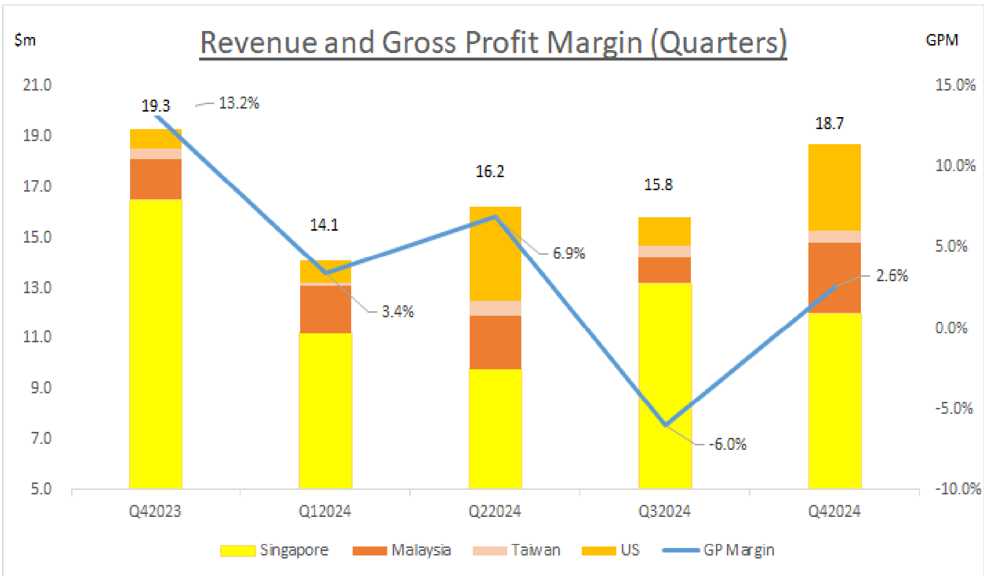
## 1. Whether the figures have been audited or reviewed

The condensed consolidated statement of financial position of Mun Siong Engineering Ltd and its subsidiaries as of 31 December 2024 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



| | 2H2024 | | 2H2023 | | Variance | | FY2024 | | FY2023 | | Variance | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Operations | $'000 | | $'000 | | $'000 | % | $'000 | | $'000 | | $'000 | % |
| Singapore | 25,152 | 72.9% | 32,701 | 86.9% | (7,549) | -23.1% | 46,186 | 71.2% | 62,009 | 87.1% | (15,823) | -25.5% |
| Malaysia | 3,799 | 11.0% | 2,849 | 7.6% | 950 | 33.3% | 7,866 | 12.1% | 4,492 | 6.3% | 3,374 | 75.1% |
| Taiwan | 1,077 | 3.1% | 679 | 1.8% | 398 | 58.6% | 1,745 | 2.7% | 2,538 | 3.6% | (793) | -31.2% |
| US | 4,459 | 12.9% | 1,391 | 3.7% | 3,068 | 220.6% | 9,029 | 13.9% | 2,168 | 3.0% | 6,861 | 316.5% |
| Sales | 34,487 | 100.0% | 37,620 | 100.0% | (3,133) | -8.3% | 64,826 | 100.0% | 71,207 | 100.0% | (6,381) | -9.0% |
| Cost of Sales | 34,956 | 101.4% | 34,072 | 90.6% | 884 | 2.6% | 63,691 | 98.2% | 67,010 | 94.1% | (3,319) | -5.0% |
| Gross Profit /(loss) | (469) | -1.4% | 3,548 | 9.4% | (4,017) | -113.2% | 1,135 | 1.8% | 4,197 | 5.9% | (3,062) | -73.0% |

*Comparing second half of 2024 ("2H2024") against second half of 2023 ("2H2023")*

The Group achieved revenue of $34.5 million (2H2024), a decrease of $3.1 million or 8.3%, as compared to $37.6 million in the 2H2023.

Cost of sales increased by $0.9 million or 2.6% to $35.0 million in the 2H2024. The increase was due to the following:

(i) execution of a maiden Turnaround project by US operations for a business partner (production capacity of 450,000 barrels per day) in September/October 2024. Prior to execution, pre-execution costs (not billable) were incurred. These costs included reorganizing of the current process flows and enhancing the existing wastewater treatment systems. These actions being a prerequisite for the contract award.

(ii) Increased direct work force headcount by 21% at the Malaysia operations; and

(iii) some of the 1H2024 costs (timing of receipt) were also recognized in the current period due to finalization of costs (as well as submission of final claim values to our business partners) at the Malaysia and US operations.

The Group incurred a gross loss of $0.5 million (negative gross margin of 1.4%) in 2H2024 as compared to a gross profit of $3.5 million (gross profit margin of 9.4%) in 2H2023.

*Comparing FY2024 against FY2023*

The Group achieved revenue of $64.8 million and $71.2 million in FY2024 and FY2023 respectively. The decline in revenue of $6.4 million or 9.0% was mostly from the Singapore operations. The Malaysia and US operations (completion of two turnaround projects) – 75.1% and 316.5% respectively – registered strong revenue growth compared to FY2023.

Cost of sales declined (which is in line with the decline in revenue) by $3.3 million or 5.0% to $63.7 million for FY2024.

A lower gross profit and gross profit margin of $1.1 million (FY2023: $4.2 million) and 1.8% (FY2023: 5.9%) was registered in FY2024. The significant decline in gross profit and gross profit margin was mainly due to:

(i) Singapore operation's revenue was significantly reduced (a decrease of 25.5%) – work opportunities and significantly lower profit margins – leading to significantly reduced contributions.

(ii) Lower gross profit contributions from the Malaysia operations due to (i) some of the project works values have yet to be finalized by the business partner due to its slow approving processes (see note below) and (ii) an increase in operating cost (including direct labour costs). The newly hired unskilled workforce needs time to "up skill" before productivity can increase; and

(iii) pre-execution costs incurred by PIM or US Operations for the major Turnaround project (undertaken in 2H2024) were non-recoverable from the business partner.

*Note: Our accounting policy dictates costs must be recognised immediately when incurred, on the other hand, final revenue is recognized when the business partner agrees to the final billing value, ensuring no overstatement of revenue and profits. In the past few financial years, we have experienced lags between our billings (when the work is completed) and approval from our business partners – which we have little influence over. In FY2024, the lag between our billing and approval worsens, pushing final revenue to be recognized much later including into the subsequent financial year.*

*Singapore operations*

The Singapore operations registered revenue of $25.2 million in 2H2024 as compared to a revenue of $32.7 million in 2H2023, a decline of $7.6 million or 23.1%. For FY2024, the Singapore operations achieved revenue of $46.2 million as compared to $62.0 million for FY2023. A decline in revenue of $15.8 million or 25.5%.

The significant decline in revenue was due to:

(i) Bukom plants and facilities (which have contributed significantly to our revenue in the past) were sold to a consortium in early 2024 and is in the process of been handed over to the new owner. During this interim period, work was significantly reduced; and

(ii) Dollar values of completed works and approved by business partners in 2H2024 were relatively smaller as compared to 2H2023.

Besides lower revenue, productivity efficiency was lower in 2H2024 and FY2024 as we were unable to re-deploy the direct workforce in Bukom to other job sites due to contractual obligations.

Both lower gross profits and gross profit margins were recorded in 2H2024 and FY2024 as compared to 2H2023 and FY2023.

*Taiwan operations*

The Taiwan operations were carrying out small dollar value jobs. It recorded revenue of $1.0 million in 2H2024 (2H2023: $0.7 million) and $1.7 million in FY2024 (FY2023: $2.5 million)

Both 2H2024 (2H2023: negative gross profit) and FY2024 (FY2023: positive gross profit) registered positive gross profits.

Malaysia operations

The Malaysia operations registered revenue of $3.8 million and $2.8 million in 2H2024 and 2H2023 respectively. An increase of $0.9 million or 33.3% due to more volume of work.

It incurred a gross loss in 2H2024 as compared to gross profit in 2H2023. The gross loss was due to the increase in operating costs (including direct work force) by the Malaysia operations. New recruits would require time to be "up skilled" (on the job training) before productivity can increase.

For FY2024, it achieved revenue of $7.9 million as compared to $4.5 million in FY2023. The higher revenue in the current year was due to more work volume (due to shut down activities by PRefchem in the 1H2024) as compared to FY2023. Both FY2024 and FY2023 achieved positive gross profit margins and gross profits.

US operations

Revenue improved by 316.5% from $2.2 million (FY2023) to $9.0 million (FY2024). It executed two major turnaround projects during FY2024 as compared to numerous small work orders during FY2023. The award of the two major projects was the result of positive results from small work orders (including on site audits) these two business partners placed in FY2023.

The significant increase in revenue and positive project profit margins from these two turnarounds corresponded to much-reduced gross losses in FY2024 as compared to FY2023.

Other income and recoveries

Comparing 2H2024 to 2H2023, other income and recoveries decreased by $0.6 million or 55.9%. This was mainly due to less sales of scrap and lower gain on disposal of fixed assets.

The decline of $1.5 million (67.1%) from $2.2 million (FY2023) to $0.8 million (FY2024) was also due to the above reasons.

Impairment of property, plant and equipment

The Group recorded an impairment loss of $1.0 million in FY2024 – recognised in the 2H2024. The impairment losses were on the plant and equipment. There was no impairment made in FY2023. Please refer to the above note 11 for details.

Administrative Expenses

| | 2H2024 | 2H2023 | Variance | | FY2024 | FY2023 | Variance | |
|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | % | $'000 | $'000 | $'000 | % |
| Administrative | 4,032 | 3,899 | *133* | *3.4%* | 7,795 | 8,192 | *(397)* | *-4.8%* |
| Reversal of impairment losses on contract assets | (79) | (739) | *660* | *-89.3%* | (94) | (854) | *760* | *-89.0%* |
| Reversal of impairment losses on trade receivables | (6) | 38 | *(44)* | *-115.8%* | (6) | 38 | *(44)* | *-115.8%* |
| Reinstatement of 35 Tuas Road watefront | - | 720 | *(720)* | *-100.0%* | - | 720 | *(720)* | *-100.0%* |
| | 3,947 | 3,918 | *29* | *0.7%* | 7,695 | 8,096 | *(401)* | *-5.0%* |

The Group incurred $4.0 million in administrative expenses in the 2H2024 which is comparable to $3.9 million in 2H2023.

Comparing FY2024 to FY2023, administrative expenses decreased by $0.4 million, or 5%, due to the absence of reinstatement costs at our previous premise and lower depreciation charges, as our current premise is smaller in land area.

Other Operating Income/ (Expenses)

*2H2024 against 2H2023; increased by $0.5 million or 113.7%*

The Group incurred an exchange gain of $93,000 in 2H2024 as compared to an exchange loss of $0.3 million in 2H2023.

*FY2024 against FY2023; increased by $1.3 million or 164.3%*

We incurred an exchange gain of $0.5 million in FY2024 as compared to an exchange loss of $0.6 million in FY2023.

We are subject to exchange rate fluctuations between SGD and RM, as well as SGD and USD.

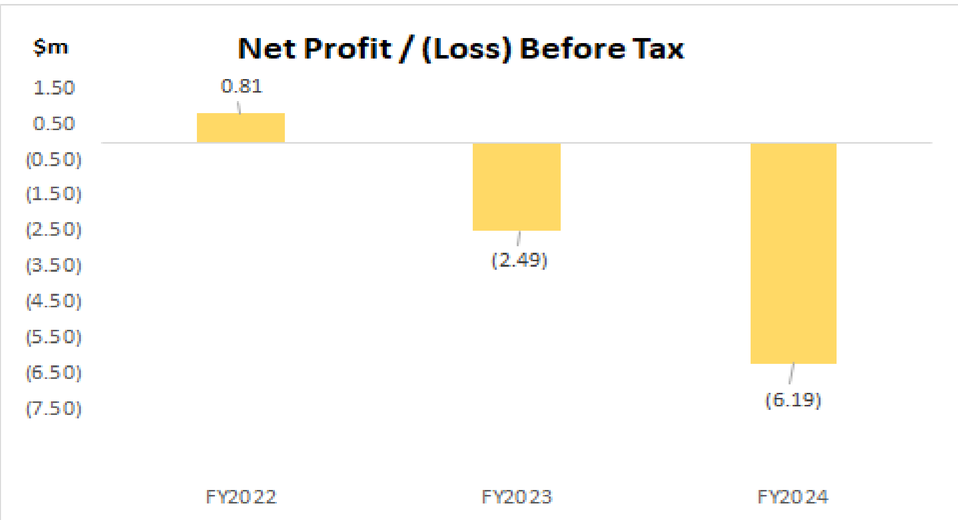
Finance Income

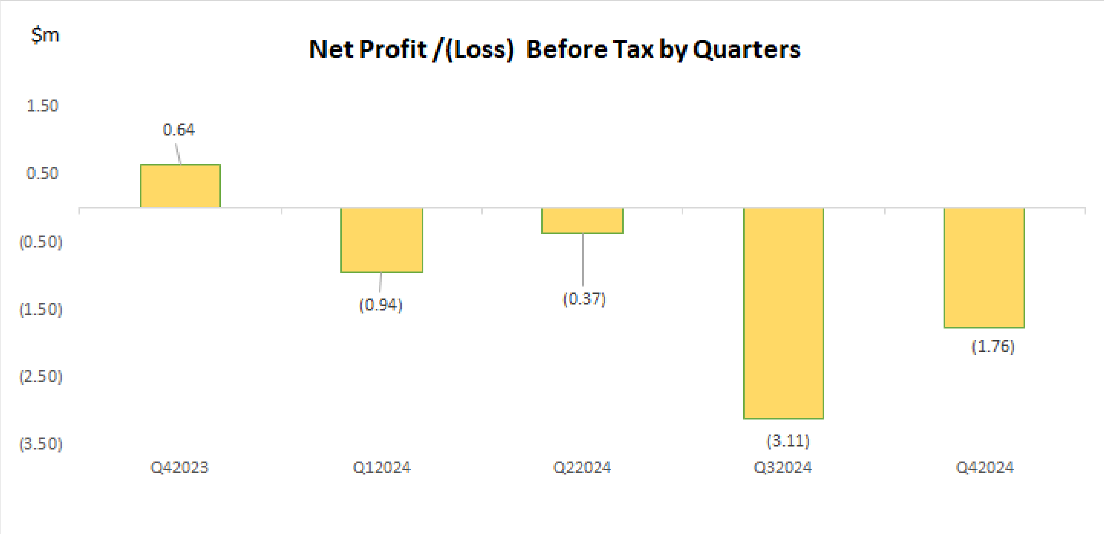
Both FY2024 and 2H2024 saw an increase in interest income as compared to FY2023 and 2H2023, due to surplus cash balances being placed in interest-bearing deposits.

Tax Credit / (Expense)

Arising from the operating losses for FY2024 and 2H2024, the Company did not make provision for tax payable. The tax credit in both periods were due to write back of deferred tax liabilities and tax refund (credit) arising from prior year final tax assessments.

Current year's performance






| | Group | | Group | |
|---|---|---|---|---|
| | 2H2024 | 2H2023 | FY2024 | FY2023 |
| | $'000 | $'000 | $'000 | $'000 |
| Net profit / (loss) before tax | (4,882) | 252 | (6,188) | (2,486) |
| Add / (less) adjustments | | | | |
| Impairment of property, plant and equipment | 1,038 | - | 1,038 | - |
| Reinstatement of 35 Tuas Road | - | 720 | - | 720 |
| Adjusted net profit /(loss) before tax | (3,844) | 972 | (5,150) | (1,766) |
| Add | | | | |
| Depreciation | 1,432 | 1,800 | 2,848 | 3,454 |
| Interest expense | 124 | 115 | 198 | 207 |
| EBITDA | (2,288) | 2,887 | (2,104) | 1,895 |

EBITDA: Earnings before interest, tax, depreciation and amortisation

The operating losses in FY2024 and 2H2024 were largely due to the Singapore and US operations. The Singapore operations were profitable in FY2023 and the losses in the US operations were reduced in FY2024 compared to FY2023.

Excluding impairment of fixed assets and one-off expenses pertaining to reinstatement, it incurred an adjusted net loss before taxation of $3.8 million (2H2023: $1.0 million profit) and $5.2 million (FY2023: $1.8 million losses) for 2H2024 and FY2024 respectively.

It generated negative EBITDA of $2.1 million in FY2024 as compared to a positive EBITDA of $1.9 million in FY2023.

<u>Review of statements of financial position</u>

*(i) Property, plant and equipment (Group decreased by $1.7 million / Company decreased by $1.8 million)*

Properties, plants and equipment include the rights of use assets and reinstatement.

Besides the depreciation charges of $2.8 million, the Group added $1.9 million and disposed of $0.3 million of fixed assets during the year. The Group also recognized a $1.0 million impairment charge on the fixed assets. There was also a translation adjustment of $0.7 million due to weakening of SGD dollars against the Ringgit (RM) and USD dollars.

At the Company level, the Company added $0.5 million and disposed $0.3 million of fixed assets. The Company also recorded a depreciation charge of $2.0 million.

*(ii) Other receivables – Non-Current assets (Company increased by $10.5 million)*

Other receivables (non-current assets) are intercompany loans extended to related legal entities (Malaysia and US operations) within the Group. These loans are applied to past capital expenditures and working capital. Taking into consideration that they are intended to be quasi-capital; the Company has not applied a fixed repayment schedule. The increase was due to the reclassification of certain balances from current to non-current and injection of working capital.

*(iii) Contract assets (Group increased by $2.4 million/ Company decreased by $64,000)*
*Contract liabilities (Group decreased by $0.3 million/ Company decreased by $0.4 million)*

| Group | 31 December 2024 | 31 December 2023 | Variance |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Contract assets | 9,370 | 7,097 | 2,273 |
| Less impairment for contract assets | (52) | (137) | 85 |
| Net contract assets | 9,318 | 6,960 | 2,358 |

Increase in contract assets $2.3 million was due to our key business partner in Malaysia taking longer time to process and approve our billings.

As at 31 December 2024, approximate 46.0% (FY2023: 31.8%) of the total contract asset balances pertain to the Malaysia operations. Save for the impairment of $52,000 which relates to the Malaysia operation's past completed jobs which were subsequently assigned to HIMS, the Group had assessed the recoverability of these contract assets and deemed no further impairment is needed.

At the Company level, contract assets in both periods were comparable.

The decrease in contract liabilities at both the Group and Company was due to lesser receipt of advances from customers for the year ended 31 December 2024.

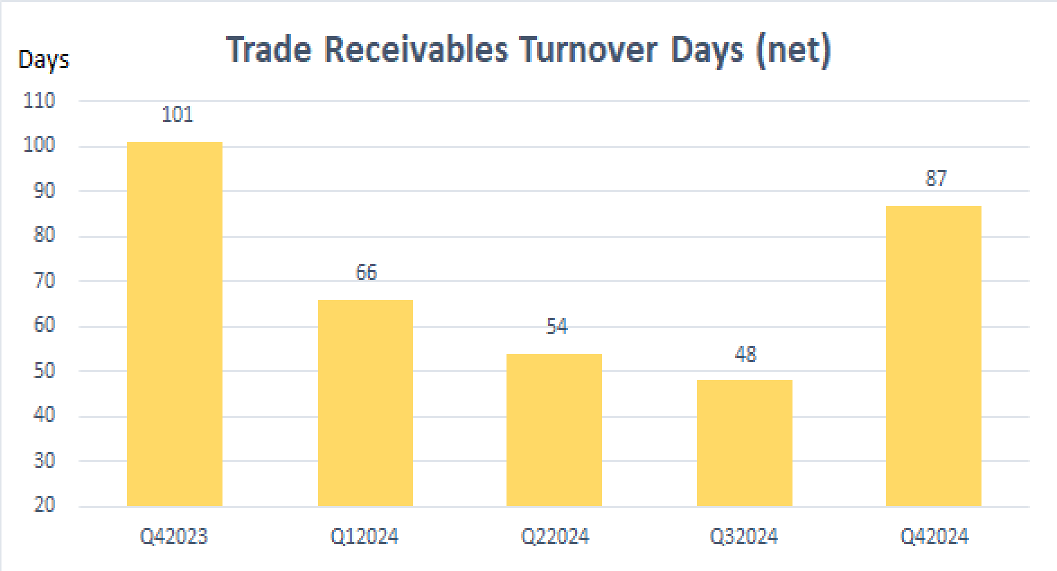
*(iv) Trade and other receivables (Group decreased by $4.7 million / Company decreased by $11.2 million)*

<u>Group</u>

The trade receivable balances as at 31 December 2024 and 31 December 2023 were $15.4 million and $19.6 million respectively. The decrease of $4.2 million was due to realization of trade receivables into cash.

Other receivables (deposits and prepayments) as at 31 December 2024 and 31 December 2023 were $1.6 million and $2.0 million respectively. The decrease of $0.5 million was due to fewer advance payments or deposits placed for purchases and lesser prepayments made at year end.

As at 31 January 2025, $10.3 million or 66.5% of the trade receivables as at 31 December 2024 had been converted into cash. No impairment was deemed necessary for the remaining outstanding trade receivables.




As at balance sheet dates, the trade receivables' turnover days were 87 days (FY2024) and 101 days (FY2023). The significant variance was caused by a business partner in Singapore taking longer than expected time to finalize and approve the value of work done. In FY2024, there was no such incident. Without this one-time incident the turnover in FY2023 days would have been 81 days. This would have been comparable to FY2024.

At Company level, the trade and other receivables balances as at balance sheet dates were $17.2 million (FY2024) and $28.5 million (FY2023). The decrease of $11.2 million was due to:

(a) decline in trade receivables balances of $5.5 million due to conversion of trade receivables into cash.
(b) decrease in amount due from related companies of $5.3 million primarily due to reclassification to non-current other receivables; and
(c) fewer advance payments or deposits placed for purchases and lesser prepayments made at year end.

*(v) Loan from shareholder (Group and Company increased by $1.8 million)*

Pursuant to the revolving loan facility agreements entered into between the Company and Cheng Woei Fen (executive director and controlling shareholder) dated 28 February 2024 , the Company drew down $1.8 million of this credit facilities. For further details please refer to paragraph 13.

*(vi) Loans and Borrowings (Group and Company increased by $1.8 million)*

Loans and borrowings comprise of the temporary bridging loan, short term loans, invoice financing, hire purchase and lease liabilities. For further details please refer to paragraph 13.

There was a net increase ($1.8 million) in loan and borrowings – repayment of $1.4 million ($1.2 million bridging loan and $0.2 million lease and hire purchase liabilities) was offset by draw down of $3.2 million (short-term loans and invoice financing) - applied to working capital.

Ratio between gross debt (inclusive of shareholder's loan outstanding) to shareholders funds as at balance sheet dates was 16.0% (FY2024) and 7.4% (FY2023).

*(vii) Deferred tax liabilities (Group and Company decreased by $0.6 million)*

The Group and Company recognized a lower deferred tax liabilities at the end of the financial year due to the current year's operating losses.

*(viii) Trade and other payables (Group increased by $0.8 million and Company decreased by $2.4 million)*

The increase in trade and other payables (Group level) of $0.8 million is attributed to timing of payments.

At Company level, trade and other payables decreased by $2.4 million attributed to lower transactions volume and repayment of amount owing to related companies within the Group.

*(ix) Provisions (Group and Company decreased by $0.6 million)*

This comprises provision for reworks and provision for reinstatement.

The reworks warranty expired during FY2024. Since no claims were made, the entire provision was written back.

The Group has not received a response from Jurong Town Corporation, the lessor of 35 Tuas Road, to our reinstatement proposal. Based on our ongoing engagement with them, we assess that our current provision of $1.9 million remains unchanged.

*(x) Tax Payable (Group decreased by $0.8 million and Company decreased by $0.6 million)*

No tax provision provided at the Company level as the Company suffered an operating loss (taxable loss) in FY2024.

At the Group level, lower tax provisions were made as the various entities suffered operating losses (taxable losses). In addition, the Malaysia Operations is also seeking tax refund being overpayment of final tax assessment for prior year.

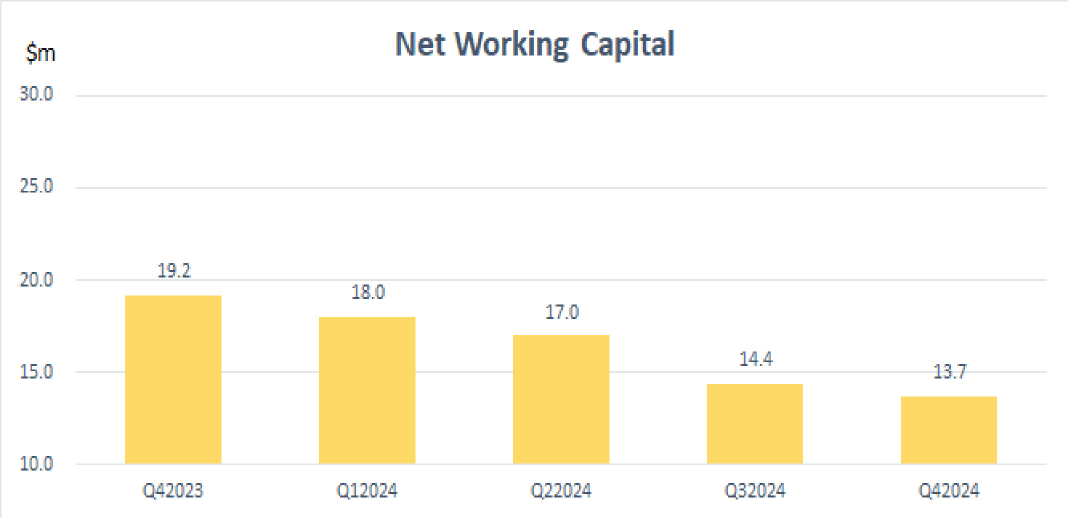
Review of cash flow statement

The Group as at balance sheet dates reported cash balances of $10.3 million (FY2024) and $9.7 million (FY2023). The increase in cash balances of $0.6 million was due to:

| | $ million |
|---|---|
| Net cash used in operating activities | (0.9) |
| Net cash used in investing activities | (1.4) |
| Net cash from financing activities | 3.2 |
| Effect of exchange rate fluctuations | (0.3) |
| Net increase in cash balances | 0.6 |

As at 31 January 2025, the Group's cash balances stood at $10.5 million.

At Company level as at balance dates cash balances were $7.4 million (FY2024) and $8.0 million (FY2023).




Net working capital (current assets less current liabilities) as at 31 December 2024 was $13.7 million as compared to $19.2 million as a 31 December 2023.

The decline in net working capital of $5.5 million was attributed to the increase in short-term loans (shareholder's loan and loans and borrowings - increasing current liabilities) for working capital.

**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**

Singapore operations:

Work opportunities continue to be subdued and competition for work will be intense. This is likely to worsen over time. Together with tightening foreign labour policies (quotas and levies), meaningful contributions to profitability will be challenging.

To avoid further operating losses (this operation contributed to 60% of FY2024 operating losses), since 3Q2024, we have significantly reduced our directly employed workforce. The reduction has been gradual to avoid disruption. Manpower will be kept at levels reflecting work on hand/secured. Salaries and related expenses (like accommodation and insurance) form 70% of operating costs in FY2024. FY2025 would see a significant reduction in Singapore's operating costs arising from manpower reduction.

We envisage opportunities for sizable project works (above $3.0 million) – in the near term – would be few and should they emerge subcontractors will be used to supplement our existing manpower while we retain project management. Maintaining excess manpower is costly and strain on cashflow and affects profitability.

One of our business partners, which we have served for several decades, has renewed their long-term maintenance service contract for a further 6 years. The renewal increases our coverage in their plant and facilities.

Malaysia operations:

The lag between submission of our billings and approval from PRefchem (PAE M's business partner) has now exceeded 120 days. Our billings awaiting approval currently stand at $2.7 million, causing us to extend further intercompany loans to PAE M for working capital during the year. The PAE M working capital is financed by the Company and the Company's working capital loans are funded from credit facilities extended by financial institutions and loans from the executive director/controlling shareholder. Management has intensified its engagement with PRefchem to expedite the approval process. We do not assess PRefchem to be a credit risk and to date there are no objections/disputes on our billings.

In the past three financial years, revenue from this operation continues to grow and its contribution to the Group has become significant when contributions from Singapore and Taiwan operations have been on a decline. Work opportunities continue to be positive, however our willingness to accept more work (from PRefchem) is constrained by our working capital and funding cost.

US operations:

It has been in operation since late 2023, they are into the 21st months of operations. Gross margin losses have narrowed significantly (from 40% in FY2023 to 6% in FY2024) correspondingly the net losses have also narrowed in FY2024.

Based on revenue, we are encouraged that PIM is gaining traction/acceptance from business partners. The two turnarounds completed in FY2024 were from business partners with substantial plants and facilities. We have been engaging them for more work and responses have been encouraging.

Taiwan operations:

The suspension from CPC will be lifted at the end of 2025. During the suspension period, management continues to engage the operating levels at the plants that we have serviced. The engagement has been positive.

Liquidity:

Tight liquidity in FY2024 will continue in FY2025. In FY2025, key operating subsidiaries (US and Malaysia), will need to be supported by the Company for its working capital. In the past, the Singapore operation's profitability was substantially providing this support. However, due to its weak performance, we must rely on credit facilities and short-term loans from the executive director/controlling shareholder. The frequencies of drawdowns and borrowing costs will increase in FY2025.

## 5. Dividend Information

### *5a. Current Financial Period Reported on*

Any dividend recommended for the current financial period reported on?

To conserve financial resources, the directors do not recommend any proposed dividend for FY2024. Furthermore, any payment of dividends will be from retained earnings as the Group incurred operating losses.

### *5b. Corresponding Period of the Immediate Preceding Financial Year*

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

Yes

FY2023

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

### *5c. Date Payable*

Not applicable

### *5d. Books Closure Date*

Not applicable

## 6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

| **Name of Interested Person** | **Nature of relationship** | **Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)** | | **Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920** | |
|---|---|---|---|---|---|
| | | Financial year ended | | Financial year ended | |
| | | **31-Dec-24** | **31-Dec-23** | **31-Dec-24** | **31-Dec-23** |
| | | $'000 | $'000 | $'000 | $'000 |
| Cheng Woei Fen | Executive Chairlady and Controlling Shareholder | - | - | - | - |
| The total interest expense on the shareholder loan for FY2024 amount to $23,000 | | | | | |
| **Total Interested Person Transactions** | | - | - | - | - |

**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 | 67 | Mother of Quek Kian Teck (substantial shareholder) and Quek Kian Hui (Executive Deputy Chairman and CEO) | Executive Chairlady<br><br>Responsible for overall management, formulation of business plans, strategic positioning, and business expansion of Mun Siong Engineering Group (the "Group").<br><br>Year when position was first held: 2000 | N.A. |
| Quek Kian Hui | 40 | Son of Cheng Woei Fen (Executive Chairlady) | Executive Deputy Chairman cum CEO<br><br>Management of the operations of Mun Siong Engineering Group (the "Group").<br><br>Year when position was first held: 2024 | Appointed as CEO since April 2024 |

**9. Disclosure pursuant to Rule 706A of the Listing Manual**

For the period 1 July 2024 to 31 December 2024, there are no changes to the Company's and the Group's shareholding percentages in its respective subsidiaries and its associated company.

Neither the Company nor any of the Group's entities incorporate any new subsidiary or associated company during this period.

On behalf of the Board of Directors

**Cheng Woei Fen**
**Executive Chairlady**

**Quek Kian Hui**
**Executive Deputy Chairman and CEO**

**27 February 2025**