



**MUN SIONG ENGINEERING LIMITED**

**SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
PERIOD ENDED 30 JUNE 2015**



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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**SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2015**

**1(a)(i) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group			Group		
	Qtr ended 30 Jun		Incr / (Decr)	YTD ended 30 Jun		Incr / (Decr)
	2015	2014		2015	2014	
	2Q	2Q		6-MTH	6-MTH	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	16,403	15,829	3.6	32,773	37,599	(12.8)
Cost of sales	(15,102)	(13,792)	9.5	(29,440)	(33,249)	(11.5)
Gross profit	1,301	2,037	(36.1)	3,333	4,350	(23.4)
Other income	251	211	19.0	778	626	24.3
Administrative expenses	(1,458)	(1,408)	3.6	(3,120)	(2,996)	4.1
Other operating expenses	(20)	(10)	100.0	(7)	(7)	-
<b>Results from operating activities</b>	<b>74</b>	<b>830</b>	<b>(91.1)</b>	<b>984</b>	<b>1,973</b>	<b>(50.1)</b>
Finance costs	(9)	(9)	-	(19)	(19)	-
<b>Profit before income tax</b>	<b>65</b>	<b>821</b>	<b>(92.1)</b>	<b>965</b>	<b>1,954</b>	<b>(50.6)</b>
Income tax (expense) / credit	150	(10)	NM	285	(211)	NM
<b>Profit after income tax</b>	<b>215</b>	<b>811</b>	<b>(73.5)</b>	<b>1,250</b>	<b>1,743</b>	<b>(28.3)</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation difference from foreign operation	4	12	(66.7)	5	3	66.7
<b>Total comprehensive income</b>	<b>219</b>	<b>823</b>	<b>(73.4)</b>	<b>1,255</b>	<b>1,746</b>	<b>(28.1)</b>
<b>Profit attributable to:</b>						
Owners of the Company	<b>215</b>	<b>811</b>	<b>(73.5)</b>	<b>1,250</b>	<b>1,743</b>	<b>(28.3)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	<b>219</b>	<b>823</b>	<b>(73.4)</b>	<b>1,255</b>	<b>1,746</b>	<b>(28.1)</b>

NM: Not meaningful

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

	Group		Group	
	Qtr ended 30 Jun		YTD ended 30 Jun	
	FY2015	FY2014	FY2015	FY2014
	Q2	Q2	6-MTH	6-MTH
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	874	822	1,796	1,692
Amortisation of intangible asset	37	37	74	74
Net gain on disposal of property, plant and equipment	(13)	-	(25)	(6)
Interest income	(38)	(16)	(72)	(34)
Interest on borrowings	9	9	19	19
Property, plant and equipment written off	-	7	-	8
Net foreign exchange loss	20	5	7	-
Under/(over) provision for prior year tax expense	10	-	(317)	-


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**1(b)(i) A statement of financial position (for the Company and Group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group			Company		
	30 Jun'15	31 Dec'14	Change	30 Jun'15	31 Dec'14	Change
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Non-current assets</b>						
Property, plant and equipment	17,576	17,338	1.4	15,776	15,791	(0.1)
Intangible asset	1,115	1,189	(6.2)	1,115	1,189	(6.2)
Investment properties	1,310	1,310	-	1,310	1,310	-
Goodwill on consolidation	1,001	1,001	-	-	-	NM
Subsidiaries	-	-	NM	4,301	4,301	-
Deferred tax asset	-	62	NM	-	-	NM
<b>Total non-current assets</b>	<b>21,002</b>	<b>20,900</b>	0.5	<b>22,502</b>	<b>22,591</b>	(0.4)
<b>Current assets</b>						
Inventories	7,223	10,950	(34.0)	5,585	9,325	(40.1)
Trade and other receivables	12,298	21,881	(43.8)	11,977	21,005	(43.0)
Asset classified as held for sale	-	180	NM	-	-	NM
Cash and cash equivalents	25,248	15,538	62.5	12,885	4,515	185.4
<b>Total current assets</b>	<b>44,769</b>	<b>48,549</b>	(7.8)	<b>30,447</b>	<b>34,845</b>	(12.6)
<b>Total assets</b>	<b>65,771</b>	<b>69,449</b>	(5.3)	<b>52,949</b>	<b>57,436</b>	(7.8)
<b>Equity attributable to equity holders of the Company</b>						
Share capital	25,987	24,582	5.7	25,987	24,582	5.7
Capital reserves	13	75	NM	13	75	NM
Translation reserves	(1)	(6)	83.3	-	-	NM
Accumulated profits	28,232	29,763	(5.1)	16,685	19,055	(12.4)
<b>Total equity attributable to owners of the Company</b>	<b>54,231</b>	<b>54,414</b>	(0.3)	<b>42,685</b>	<b>43,712</b>	(2.3)
<b>Total equity</b>	<b>54,231</b>	<b>54,414</b>	(0.3)	<b>42,685</b>	<b>43,712</b>	(2.3)
<b>Non-current liabilities</b>						
Loans and borrowings	301	697	(56.8)	301	697	(56.8)
Provision for restoration costs	296	120	NM	296	120	NM
Deferred tax liabilities	1,420	1,570	(9.6)	1,355	1,421	(4.6)
<b>Total non-current liabilities</b>	<b>2,017</b>	<b>2,387</b>	(15.5)	<b>1,952</b>	<b>2,238</b>	(12.8)
<b>Current liabilities</b>						
Trade and other payables	8,520	11,676	(27.0)	7,513	10,692	(29.7)
Loans and borrowings	794	794	-	794	794	-
Current tax payable	209	178	17.4	5	-	NM
<b>Total current liabilities</b>	<b>9,523</b>	<b>12,648</b>	(24.7)	<b>8,312</b>	<b>11,486</b>	(27.6)
<b>Total liabilities</b>	<b>11,540</b>	<b>15,035</b>	(23.2)	<b>10,264</b>	<b>13,724</b>	(25.2)
<b>Total equity and liabilities</b>	<b>65,771</b>	<b>69,449</b>	(5.3)	<b>52,949</b>	<b>57,436</b>	(7.8)

NM: Not meaningful

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**1(b)(ii) Aggregate amount of Group's borrowings and debt securities*****Amount repayable in one year or less, or on demand***

<b>30 June 2015</b>		<b>31 December 2014</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
794	-	794	-

***Amount repayable after one year***

<b>30 June 2015</b>		<b>31 December 2014</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
301	-	697	-

**Details of any collateral**

The borrowings were secured against certain operating assets of the Group under hire-purchase facilities.


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**1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	2015 2Q	2014 2Q	2015 6-MTH	2014 6-MTH
<b>Cash flows from operating activities</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Profit before income tax	65	821	965	1,954
Adjustments for:				
Depreciation of property, plant and equipment	874	822	1,796	1,692
Interest expense	9	9	19	19
Amortisation of intangible asset	37	37	74	74
Property, plant and equipment written off	-	7	-	8
Interest income	(38)	(16)	(72)	(34)
Net gain on disposal of property, plant and equipment	(13)	-	(25)	(6)
Operating cash flow before working capital changes	934	1,680	2,757	3,707
Change in inventories	4,063	340	3,727	(1,356)
Change in trade and other receivables	4,219	1,781	9,583	6,176
Change in trade and other payables	(433)	(91)	(2,979)	(3,314)
Cash generated from operating activities	8,783	3,710	13,088	5,213
Tax credit received	-	-	327	-
Income tax paid	(92)	(162)	(99)	(175)
<b>Net cash generated from operating activities</b>	<b>8,691</b>	<b>3,548</b>	<b>13,316</b>	<b>5,038</b>
<b>Cash flows from investing activities</b>				
Interest received	38	16	72	34
Proceeds from disposal of property, plant and equipment	13	-	25	6
Acquisition of property, plant and equipment	(907)	(38)	(2,034)	(231)
Proceeds from disposal of asset classified as held for sale	-	-	180	-
Proceeds from disposal of jointly controlled entity	-	-	-	16
<b>Net cash used in investing activities</b>	<b>(856)</b>	<b>(22)</b>	<b>(1,757)</b>	<b>(175)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of warrants	106	-	1,343	-
Repayment of loans and borrowings	(198)	(199)	(396)	(398)
Dividends paid in respect of previous year	(2,781)	(1,000)	(2,781)	(1,000)
Interest paid	(9)	(9)	(19)	(19)
<b>Net cash used in financing activities</b>	<b>(2,882)</b>	<b>(1,208)</b>	<b>(1,853)</b>	<b>(1,417)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,953</b>	<b>2,318</b>	<b>9,706</b>	<b>3,446</b>
Cash and cash equivalents at beginning of period	20,291	18,340	15,537	17,222
Effect of exchange rate fluctuations on cash held	4	13	5	3
<b>Cash and cash equivalents at end of period</b>	<b>25,248</b>	<b>20,671</b>	<b>25,248</b>	<b>20,671</b>




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**1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Amount in '\$'000	Share capital	Capital reserves	Accumulated profits	Translation reserves	Total	Non-controlling interest	Total equity
<b>The Group</b>							
At 1 January 2015	24,582	75	29,763	(6)	54,414	-	54,414
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	1,250	-	1,250	-	1,250
<b>Other comprehensive income for the period:-</b>							
Foreign currency translation difference from foreign operation	-	-	-	5	5	-	5
Total comprehensive income for the period	-	-	1,250	5	1,255	-	1,255
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Shares issued for exercise of warrants	1,405	(62)	-	-	1,343	-	1,343
Dividends	-	-	(2,781)	-	(2,781)	-	(2,781)
Total transactions with owners	1,405	(62)	(2,781)	-	(1,438)	-	(1,438)
<b>At 30 June 2015</b>	<b>25,987</b>	<b>13</b>	<b>28,232</b>	<b>(1)</b>	<b>54,231</b>	<b>-</b>	<b>54,231</b>
At 1 January 2014	24,528	-	25,902	(10)	50,420	-	50,420
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	1,743	-	1,743	-	1,743
<b>Other comprehensive income for the period:-</b>							
Foreign currency translation difference from foreign operation	-	-	-	3	3	-	3
Total comprehensive income for the period	-	-	1,743	3	1,746	-	1,746
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Dividends	-	-	(1,000)	-	(1,000)	-	(1,000)
Total transactions with owners	-	-	(1,000)	-	(1,000)	-	(1,000)
<b>At 30 June 2014</b>	<b>24,528</b>	<b>-</b>	<b>26,645</b>	<b>(7)</b>	<b>51,166</b>	<b>-</b>	<b>51,166</b>
<b>The Company</b>							
At 1 January 2015	24,582	75	19,055		43,712		
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	411		411		
Total comprehensive income for the period	-	-	411		411		
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Shares issued for exercise of warrants	1,405	(62)	-		1,343		
Dividends	-	-	(2,781)		(2,781)		
Total transactions with owners	1,405	(62)	(2,781)		(1,438)		
<b>At 30 June 2015</b>	<b>25,987</b>	<b>13</b>	<b>16,685</b>		<b>42,685</b>		
At 1 January 2014	24,528	-	16,797		41,325		
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	1,331		1,331		
Total comprehensive income for the period	-	-	1,331		1,331		
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Dividends	-	-	(1,000)		(1,000)		
Total transactions with owners	-	-	(1,000)		(1,000)		
<b>At 30 June 2014</b>	<b>24,528</b>	<b>-</b>	<b>17,128</b>		<b>41,656</b>		

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**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

On 11 September 2014, the Company issued 166,683,200 warrants upon completion of the Proposed Renounceable Non-underwritten Rights Issue of up to 166,683,200 warrants ("Warrants") at an issue price of S\$0.0015 for each Warrant, as announced on 6 May 2014 (the "Warrant Issue"). The Warrants were listed and quoted on the Main Board of the SGX-ST on 15 September 2014. Each Warrant carries the right to subscribe for one (1) new ordinary share in the capital of the Company at an exercise price of S\$0.01 for each new share.

For the period from 1 April 2015 to 30 June 2015, 10,691,400 Warrants were exercised and converted into 10,691,400 ordinary shares at the exercise price of \$0.01 per share. Except as mentioned above, there have been no changes in the issued share capital of the Company since the end of the last period reported on.

	2015 2Q	2014 2Q
<b>Issued and paid-up shares</b>		
As at beginning of the period	545,497,700	416,708,000
Shares issued pursuant to exercise of warrants	10,691,400	-
As at end of the period	556,189,100	416,708,000
<b>Treasury shares</b>	NIL	NIL
<b>Total number of issued shares excluding treasury shares as at end of the period</b>	556,189,100	416,708,000
<b>Total outstanding warrants as at end of the period</b>	27,202,100	-

**1 (d)(iii) The total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	As at 30 Jun 2015	As at 31 Dec 2014
Total number of shares	556,189,100	421,836,200
Less: Treasury shares	NIL	NIL
Total number of issued shares excluding treasury shares	556,189,100	421,836,200

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

Not applicable. There were no treasury shares.



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- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recent audited financial statements for the year ended 31 December 2014 save for those disclosed in Para 5 below.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the following new and revised Financial Reporting Standards (FRS) and interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015:

- a) Improvements to FRSs (January 2014)
- b) Improvements to FRSs (February 2014)

The adoption of the new and revised FRS and INT FRS is assessed and it has no material impact on the results of the Group and of the Company for the financial period ended 30 June 2015.



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**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group		Group	
	2Q 2015	2Q 2014	6-MTH 2015	6-MTH 2014
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.04	0.20	0.25	0.42
- on fully diluted basis (cents)	0.04	0.20	0.24	0.42
Weighted average number of shares in issue during the period used in computing basic EPS	554,105,556	416,708,000	507,031,594	416,708,000
Weighted average number of shares in issue during the period used in computing diluted EPS	577,907,393	416,708,000	530,833,432	416,708,000

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

**(a) current financial period reported on; and**  
**(b) immediately preceding financial year**

	Group		Company	
	30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.75	12.90	7.67	10.36
Number of shares (issued and issuable) used in computing net asset value per ordinary share	556,189,100	421,836,200	556,189,100	421,836,200



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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

*(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and*

*(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.*

**Notes to the statement of comprehensive income**

- (i) Revenue and profitability

Revenue for 2Q2015 of \$16.4 million was 3.6% higher than that in 2Q2014 with higher volume of project work completed during the current period. Revenue for 6-MTH 2015 of \$32.8 million was lower as compared to \$37.6 million recorded in the previous corresponding period. This was due to the higher volume of work completed in 1Q2014 as compared to 1Q2015.

Cost of sales for 2Q2015 was higher due to direct operating cost.

Gross profit margins of 7.9% for the quarter and 10.2% for the six-month period were lower as compared to 12.9% and 11.6% respectively in the corresponding prior periods due to the higher cost of sales.

Accordingly profit before taxation decreased for both 2Q2015 and 6-MTH 2015 as compared to those in the corresponding prior periods.

- (ii) Other income

Other income included one-off receipts of Special Employment Credits from the Ministry of Manpower and Wage Credit Scheme payout from IRAS for 2014.

- (iii) Administrative expenses

Administrative expenses for 2Q2015 and 6-MTH 2015 were comparable with the prior corresponding periods.

- (iv) Other expenses

Other expenses recorded a net loss arising from foreign exchange transactions, mainly due to the depreciating value of the Malaysian Ringgit.

- (v) Finance expenses

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

- (vi) Income tax (expense) / credit

Current quarter recorded a net tax credit S\$150K comprising both a write back of the current tax provision and deferred tax liabilities of S\$70K and S\$90K respectively and an under-provision of S\$10K for YA2015.

The amount for the 6-MTH 2015 included a refund of S\$327K in respect of tax assessment for the prior year following the transfers of unutilised tax losses and capital allowances between subsidiaries under the application of group relief, a writeback of \$89K for deferred liabilities and provision for income tax of S\$120K for current half year.



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

***Group and Company***

(i) Property, plant and equipment

The increase was due to the acquisition of operating assets of S\$2.0 million to upgrade and enhance the Group's capabilities, offset by the depreciation expense of S\$1.8 million.

(ii) Intangible Asset

The decrease was due to the amortisation of the exclusive licencing rights for the provision of specialised coating services and methodology in Singapore and Malaysia.

(iii) Inventories

The decrease in inventories was mainly due to completion of contract work in progress.

(v) Trade and other receivables

Trade and other receivables decreased due to the realisation of receivables.

(vii) Asset classified as held for sale

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

(viii) Loans and borrowings

The decrease in loans and borrowings was mainly due to the repayment of hire purchase instalments.

(ix) Trade and other payables

The decrease was due to the settlement of payables and lower volume of materials and services purchased for the current year.

(x) Equity

Total equity of the Group decrease from S\$54.4 million as at 31 December 2014 to S\$54.2 million as at 30 June 2015. The decrease was mainly attributed to the payment of dividend of S\$2.8 million in respect of the previous financial year offsetting the increase in revenue reserve of S\$1.3 million which arose from profit generated by the Group and the increase in share capital of S\$1.3 million from the issue of new ordinary shares at the exercise price of one cent each pursuant to the conversion of the warrants.

As at the end of the current quarter, a total of 134,352,900 warrants have been exercised since the beginning of this financial year and the share capital is increased accordingly.

***Notes to cash flow statement***

The Group continues to register positive cash flows generated from its operation. For the 6-MTH 2015, the net operating cash inflow of S\$13.1 million arose mainly from the profit from operations and realisation of receivables.

Working capital (current assets less current liabilities) was S\$35.2 million (as at 30 June 2015) as compared to S\$35.9 million (as at 31 December 2014).



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The Group's cash balance as at 30 June 2015 was S\$25.2 million, an increase of S\$9.7 million from S\$15.5 million as at 31 December 2014. This is after taking into consideration cash outlay of S\$2.0 million invested to acquire operating assets to further enhance the Group's capabilities and productivity and a payment of S\$2.8 million as dividend in respect of the previous financial year.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast was previously provided.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Crude oil prices continue to be depressed and trades within a band. Volatility in prices are often in reaction to key data such as reserves held by major economies (especially North America and China), their consumption levels and production outputs by producers.

The raising of key interest rates by the United States Federal Reserve is imminent. The increased interest rates will increase the cost of borrowings which some economic analysts believe will have negative impact on maintaining economic growth and capital expenditure.

Our key business partners, given the low crude oil prices, are experiencing challenges in maintaining profitability and returns on their capital investments. This together with the anticipation of an interest rates increase, has resulted in some of them announcing cut backs in both staffing and capital expenditure and (some in cases) dividend payouts and share buybacks. Some of them have also announced streamlining of their global operations and exits from certain markets. The main challenges (given the depressed crude oil prices) continue to lie in the exploration and production segments of their business – commonly referred to as the upstream businesses. The headwinds for the downstream businesses (refining and petrochemical) are generally less severe. However, we believe that the overall negative sentiments that our business partners faces will unavoidably spill over to us. This may include the deferment or cancellation or the scaling down of new projects (in terms of the dollar value).

Our Group's current key competencies and revenue are focused on the downstream businesses. We are dependent on the level of both business and investment activities that our business partners undertake. A slow-down of either activities, inevitably puts our operating profit margins under pressure.

The Group has since last year initiated a number of strategies in light of these challenges. These include making in-roads into new regional markets and introducing new products and services. This is to allow the widening of both the customer and revenue base. However, these initiatives take time to bear fruits.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

No interim dividend for the three months ended 30 June 2015 is recommended.

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

Not applicable.

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No interim dividend for the three months ended 30 June 2015 is recommended.

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

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

**14. Use of IPO Proceeds and Warrant Issue****a) Warrant Issue**

In September 2014, the Company raised gross proceeds of S\$250K from the subscription of 166,683,200 warrants at the issue price of S\$0.0015 per warrant ("Warrants Issue"). After deducting the professional fees as well as related expenses for the Warrants Issue, the finalised net proceeds is S\$77K.

As at the date of this announcement, the net proceeds of S\$77K from the subscription of the Warrants Issue had been fully utilised to purchase materials for operations. The utilisation is in accordance with its intended purpose as working capital as disclosed in the Offer Information Statement dated 18 August 2014.

As at the date of this announcement, 139,481,100 warrants had been exercised since the issue of the warrants and a total proceed of about S\$1.39 million was raised and the status of the proceeds is as follow:

	<b>Amount (S\$'000)</b>
Proceeds from warrants conversion	1,395
Purchase of vehicles	(235)
Purchase of equipment	(592)
Purchase of materials and services for operations	(305)
<b>Balance</b>	<b>263</b>




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**b) IPO Proceeds**

The proceeds raised from the Company's IPO, after deducting listing expenses of approximately S\$2.5 million was approximately S\$18.9 million. As at the end of the current quarter, the Company has utilised the aforesaid proceeds as follows:

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

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

**15. Confirmation pursuant to Rule 705(5).**

The Board of Directors of the Company hereby confirm to their best knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the quarter ended 30 June 2015 to be false or misleading in any material respect.

**BY ORDER OF THE BOARD**
**CHENG WOEI FEN**  
**EXECUTIVE CHAIRLADY**
**QUEK CHIAU LIONG**  
**MANAGING DIRECTOR**
**5<sup>th</sup> August 2015**