



MUN SIONG ENGINEERING LIMITED

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
PERIOD ENDED 30 JUNE 2019



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 2019

1(a)(i) An income statement and 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)
	2Q 2019	2Q 2018		6MTH 2019	6MTH 2018	
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	13,690	14,186	(3.5)	25,854	27,734	(6.8)
Cost of sales	(12,519)	(13,635)	(8.2)	(24,432)	(26,495)	(7.8)
Gross profit	1,171	551	112.5	1,422	1,239	14.8
Other income	343	256	34.0	568	563	0.9
Administrative expenses	(1,551)	(1,528)	1.5	(2,834)	(3,055)	(7.2)
Other operating expenses	(30)	355	108.5	(88)	222	139.6
Results from operating activities	(67)	(366)	81.7	(932)	(1,031)	9.6
Finance income	123	120	2.5	218	220	0.9
Finance expenses	(11)	(6)	83.3	(21)	(11)	90.9
(Loss) / Profit before income tax	45	(252)	117.9	(735)	(822)	10.6
Income tax credit / (expense)	34	65	(47.7)	134	96	(39.6)
(Loss) / Profit after income tax	79	(187)	142.2	(601)	(726)	17.2
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation difference from foreign operations	-	1	(100.0)	(1)	(4)	75.0
Total comprehensive (loss) / income	79	(186)	142.5	(602)	(730)	17.5
(Loss) / Profit attributable to:						
Owners of the Company	79	(186)	142.5	(600)	(725)	17.2
Non-controlling interest	-	(1)	100.0	(1)	(1)	-
	79	(187)	142.2	(601)	(726)	17.2
Total comprehensive (loss) / income attributable to:						
Owners of the Company	79	(185)	142.7	(601)	(729)	17.6
Non-controlling interest	-	(1)	100.0	(1)	(1)	-
	79	(186)	142.5	(602)	(730)	17.5

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		Incr / (Decr)	YTD ended 30 Jun		Incr / (Decr)
	2Q 2019	2Q 2018		6MTH 2019	6MTH 2018	
\$'000	\$'000	%	\$'000	\$'000	%	
Depreciation	797	944	(15.6)	1,595	1,842	(13.4)
Amortisation of intangible asset	-	37	(100.0)	-	74	(100.0)
Net (gain) / loss on disposal of property, plant and equipment	(30)	(1)	(2,900.0)	(71)	(1)	(7,000.0)
Share-based compensation expense	38	-	NM	38	-	NM
Net foreign exchange loss /(gain)	30	(352)	108.5	88	(219)	140.2
Finance (income)/expenses:						
Interest income	(123)	(120)	(2.5)	(218)	(220)	0.9
Interest on borrowings	1	1	-	2	2	-
Interest on lease liabilities	5	-	NM	10	-	NM
Unwinding of discount on site restoration provision	5	5	-	9	9	-

NM: not meaningful



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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		Change %	Company		Change %
	30 Jun' 19 \$'000	31 Dec'18 \$'000		30 Jun' 19 \$'000	31 Dec'18 \$'000	
Non-current assets						
Property, plant and equipment	14,462	13,347	8.4	14,483	13,367	8.3
Rights of Use assets	616	-	NM	616	-	NM
Investment properties	1,225	1,225	-	1,225	1,225	-
Investment in Subsidiaries	-	-	-	2,758	2,580	6.9
Total non-current assets	16,303	14,572	11.9	19,082	17,172	11.1
Current assets						
Inventories	366	351	4.3	366	351	4.3
Contract assets	10,660	10,059	6.0	10,471	9,277	12.9
Trade and other receivables	10,684	15,681	(31.9)	10,454	15,622	(33.1)
Cash and cash equivalents	26,858	26,549	1.2	20,733	20,777	(0.2)
Total current assets	48,568	52,640	(7.7)	42,024	46,027	(8.7)
Total assets	64,871	67,212	(3.5)	61,106	63,199	(3.3)
Equity attributable to equity holders of the Company						
Share capital	26,254	26,254	-	26,254	26,254	-
Treasury shares	(138)	(193)	(28.5)	(138)	(193)	-
Share based payment reserve	(17)	-	NM	(17)	-	NM
Translation reserve	(3)	(2)	50.0	-	-	-
Retained earnings	27,905	28,704	(2.8)	23,556	24,344	(3.2)
Total equity attributable to owners of the Company	54,001	54,763	(1.4)	49,655	50,405	(1.5)
Non-controlling interest	4	5	(20.0)	-	-	-
Total equity	54,005	54,768	(1.4)	49,655	50,405	(1.5)
Non-current liabilities						
Loans and borrowings	72	81	(11.1)	72	81	(11.1)
Provision for restoration costs	364	355	2.5	364	355	2.5
Lease liabilities	213	-	NM	213	-	NM
Deferred tax liabilities	1,350	1,484	(9.0)	1,350	1,484	(9.0)
Total non-current liabilities	1,999	1,920	4.1	1,999	1,920	4.1
Current liabilities						
Trade and other payables	8,384	10,247	(18.2)	9,013	10,773	(16.3)
Contract liabilities	-	82	(100.0)	-	82	(100.0)
Loans and borrowings	19	19	-	19	19	-
Lease liabilities	420	-	NM	420	-	NM
Current tax payable	44	176	(75.0)	-	-	-
Total current liabilities	8,867	10,524	(15.7)	9,452	10,874	(13.1)
Total liabilities	10,866	12,444	(12.7)	11,451	12,794	(10.5)
Total equity and liabilities	64,871	67,212	(3.5)	61,106	63,199	(3.3)

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**

30 June 2019		31 December 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
19	-	19	-

Amount repayable after one year

30 June 2019		31 December 2018	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
72	-	81	-

Details of any collateral

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

Excluded in the borrowings are lease liabilities of \$0.6 million which are secured over the rights of use assets.



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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

	Group		Group	
	2Q 2019	2Q 2018	6MTH 2019	6MTH 2018
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	45	(252)	(735)	(822)
Adjustments for:				
Depreciation	797	994	1,595	1,842
Interest expense	6	1	12	2
Share based compensation	38	-	38	-
Amortisation of intangible asset	-	37	-	74
Unwinding of discount on site restoration provision	5	5	9	9
Interest income	(123)	(120)	(218)	(220)
Net (gain) / loss on disposal of property, plant and equipment	(30)	(1)	(71)	(1)
Operating cash flow before working capital changes	738	664	631	884
Changes in inventories	(103)	(726)	(15)	(716)
Changes in contract assets	(1,572)	(2,811)	(599)	(4,553)
Changes in trade and other receivables (Note 1)	(1,764)	(667)	2,758	(355)
Changes in trade and other payables	551	810	(1,862)	(145)
Changes in contract liabilities	-	-	(82)	-
Cash (used in)/generated from operating activities	(2,150)	(2,730)	830	(4,885)
Income tax (paid) / refund	(43)	(174)	(132)	(174)
Net cash (used in)/generated from operating activities	(2,193)	(2,904)	697	(5,059)
Cash flows from investing activities				
Interest received	123	120	218	220
Proceeds from disposal of property, plant and equipment	65	11	169	11
Acquisition of property, plant and equipment	(222)	(610)	(361)	(1,455)
Net cash (used in)/generated from investing activities	(34)	(479)	26	(1,224)
Cash flows from financing activities				
Proceeds from contribution by non-controlling interest	-	6	-	6
Purchase of treasury shares	-	(48)	-	(75)
Dividends paid	(174)	(1,043)	(174)	(1,043)
Repayment of borrowings	(5)	(5)	(9)	(9)
Payment of lease liabilities	(112)	-	(218)	-
Interest paid	(6)	(1)	(12)	(2)
Net cash (used in)/generated from financing activities	(297)	(1,091)	(414)	(1,123)
Net (decrease)/increase in cash and cash equivalents	(2,523)	(4,474)	310	(7,406)
Cash and cash equivalents at beginning of period	29,382	32,711	26,549	35,648
Effect of exchange rate fluctuations on cash held	(0)	1	(1)	(4)
Cash and cash equivalents at end of period	26,858	28,238	26,858	28,238

* Denotes amount less than S\$1,000

Note 1: prepaid assets of \$2.2 million were reclassified to property, plant and equipment in Q22019. This reclassification has no cashflow impact.



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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.

	Share capital	Treasury shares	Share based Compensation reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2019								
The Group								
Beginning of financial year	26,254	(193)	-	(2)	28,704	54,763	5	54,768
Effects on adoption of SFRS (I) 16					(25)	(25)	-	(25)
Adjusted balance as at 1 January 2019	26,254	(193)	-	(2)	28,679	54,738	5	54,743
(Loss)/Profit for the year	-	-	-	-	(600)	(600)	(1)	(601)
Other comprehensive income /(loss) for the year				(1)	-	(1)	-	(1)
Total comprehensive income /(loss) for the year	-	-	-	(1)	(600)	(601)	(1)	(602)
Grant of performance shares to employee		55	(17)			38		38
Dividends paid	-				(174)	(174)	-	(174)
Total transactions with owners, recognised directly in equity	-	55	(17)	-	(174)	(136)	-	(136)
As at 30 June 2019	26,254	(138)	(17)	(3)	27,905	54,001	4	54,005
2018								
Beginning of financial year	26,254	(118)	-	2	33,513	59,651	-	59,651
(Loss)/Profit for the year	-	-	-	-	(725)	(725)	(1)	(726)
Other comprehensive income /(loss) for the year				(4)	-	(4)	-	(4)
Total comprehensive income for the year	-	-	-	(4)	(725)	(729)	(1)	(730)
Dividends paid	-				(1,043)	(1,043)	-	(1,043)
Purchase of treasury shares	-	(75)			-	(75)	-	(75)
Capital contribution by non controlling interests							6	6
Total transactions with owners, recognised directly in equity	-	(75)	-	-	(1,043)	(1,118)	6	(1,112)
At 30 June 2018	26,254	(193)	-	(2)	31,745	57,804	5	57,809
2019								
The Company								
Beginning of financial year	26,254	(193)	-	24,344	50,405			
Effects on adoption of SFRS (I) 16				(25)	(25)			
Adjusted balance as at 1 January 2019	26,254	(193)	-	24,319	50,380			
(Loss)/Profit for the year	-	-	-	(589)	(589)			
Total comprehensive income for the year	-	-	-	(589)	(589)			
Dividends paid	-			(174)	(174)			
Grant of performance shares to employee		55	(17)		38			
Total transactions with owners, recognised directly in equity	-	55	(17)	(174)	(136)			
As at 30 June 2019	26,254	(138)	(17)	23,556	49,655			
2018								
Beginning of financial year	26,254	(118)	-	22,969	49,105			
(Loss)/Profit for the year	-	-	-	(725)	(725)			
Total comprehensive income for the year	-	-	-	(725)	(725)			
Dividends paid	-			(1,043)	(1,043)			
Purchase of treasury shares	-	(75)			(75)			
Total transactions with owners, recognised directly in equity	-	(75)	-	(1,043)	(1,118)			
At 30 June 2018	26,254	(193)	-	21,201	47,262			

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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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

There was no change in the Company's issued and paid up capital from 1 January 2019 to 30 June 2019.

The Company did not purchase any shares in the current quarter. A total of 800,000 of treasury shares were reissued pursuant to MSE Performance share Plan. At the end of the current period, the total number of treasury shares held is 2,022,000 shares.

	As at 30 June 2019	As at 30 June 2018
Issued and paid-up shares		
As at beginning and end of the period	581,546,400	581,546,400
Treasury shares		
As at beginning of the period	2,822,000	1,638,000
Purchase of treasury shares	-	1,184,000
Reissuance of treasury shares pursuant to share plan	(800,000)	-
As at end of the period	2,022,000	2,822,000
Total number of issued shares excluding treasury shares as at the end of the period	579,524,400	578,724,400

The Company does not have any subsidiary that holds shares issued by the Company.

1(d)(iii) To show 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 June 2019	As at 31 Dec 2018
Total number of shares	581,546,400	581,546,400
Less: Treasury shares	2,022,000	2,822,000
Total number of issued shares excluding treasury shares	579,524,400	578,724,400



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

Please refer to item 1(d) (ii).

1(d)(v) A statement showing all sales, transfers, cancellations and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year compared with the audited financial statements as at 31 December 2018.

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 applied adopted the following SFRS(I)s in the current financial year:

- SFRS (I) 16 Leases
- SFRS(I) INT 23 Uncertainty over Income Tax Treatments
- Amendments to SFRD(I) 1-28 Long Term Interests in Associates and Joint Ventures
- Amendments to SFRS (I) 9 Prepayment Features with Negative Compensation
- Amendments to SFRS (I) 3 and 11 Previously Held Interest in a Joint Operation
- Amendments to SFRS (I) 1-12 Income Tax Consequences on Financial Instruments Classified as Equity
- Amendments to SFRS (I) 1-23 Borrowing Costs Eligible for Capitalisation
- Amendments to SFRS (I) 1 -19 Plan Amendment, Curtailment or Settlement

The adoption of these SFRS (I)s, amendments and interpretations of SFRS(I)s will not have any significant impact on the financial statements of the Group except for SFRS(1) 16.

The Group applied ("SFRS (I)") 16 *Leases* on 1 January 2019 using the modified retrospective approach. SFRS(I) 16 introduces a single, on balance sheet lease accounting model for leases. A lessee recognizes a rights-of-use ("ROU") asset representing its rights to use the underlying asset and a lease liability representing the obligation to make lease payments.

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The cumulative effective of adopting SFRS(I)16 will be recognized as an adjustment to the opening balance of the retained earnings on 1 January 2019 with no restatement of comparative information. The Group has also applied the practical expedient to grandfather the definition of a lease on transition.

As at 1 January 2019, at both the Group and Company, there was an increase in ROU assets of \$827,000, an increase in lease liabilities of \$852,000 and a decrease in retained earnings of \$25,000.

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 2019	2Q 2018	6 MTH 2019	6MTH 2018
EPS (based on consolidated net (loss) /profit				
- on weighted average number of ordinary shares in issue (cents)	0.01	(0.03)	(0.10)	(0.13)
- on fully diluted basis (cents)	0.01	(0.03)	(0.10)	(0.13)
Weighted average number of shares in issue during the period used in computing basic EPS	578,724,400	579,403,867	578,724,400	579,462,800
Weighted average number of shares in issue during the period used in computing diluted EPS	578,724,400	579,403,867	578,724,400	579,462,800

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -

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

	Group		Company	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.32	9.46	8.57	8.71
Number of shares (issued and issuable) used in computing net asset value per ordinary share	579,524,400	578,724,400	579,524,400	578,724,400



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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

Revenue and profitability

2Q 2019 versus 2Q 2018

Revenue declined by \$496,000 or 3.5% due to fewer job activities in the current quarter.

The cost of sales declined by \$1.1 million or 8.2%. The Group continues to achieve success in working with clients on the scheduling of jobs and projects. This has resulted in better deployment of our workforce and consequently a significant reduction in sub-contracting cost. Lower depreciation costs incurred as a result of the change in depreciation estimates in FY2018 (please refer to first quarter 2019 results for more information).

Although revenue declined by 3.5%, gross profit increased by \$620,000 or 113% in the current quarter. This was due to better cost management as explained above. Gross profit margin in current quarter was 8.6% higher than the gross profit margin of 3.9% achieved in 2Q2018.

6M 2019 versus 6M 2018

Revenue declined by \$1.9 million or 6.8% due to (i) lower job volume in view of the continued weak market conditions and (ii) Management continues to seek projects that will contribute neutral or positive gross profit margin to the Group.

Cost of sales declined by \$2.1m or 7.8%. The decline is relatively in line with the decline in revenue. In addition, the Group was able to deploy resources more efficiently in the second quarter of 2019.

Gross Profit improved by \$183,000 or 14.8% to \$1.4 million for the current period. There was also an improvement in Gross Profit margin from 4.5% (6M2018) to 5.5% (6M2019).

(i) Other income

In the current quarter, other income increased by 34.0% or \$87,000. The increase was due to higher income from sale of scrap and gain from disposal of fixed assets.

On an overall basis, other income increased marginally by 0.9% or \$5,000.

(ii) Administrative expenses

Administration expenses increased marginally by \$23,000 or 1.5% in the current quarter. On a cumulative basis up to 30 June 2019, administration expenses declined by \$221,000 or 7.2%. The decline was mainly due to lower staff costs (lower headcount).



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(iii) Other operating expenses

Other operating expenses consist of foreign exchange gain and losses. We incurred an exchange loss in current quarter/period as compared to an exchange gain in corresponding quarter/period. The exchange loss was due to strengthening of Singapore dollars against the USD dollars.

(iv) Finance expenses

The higher finance expense was mainly due to the recognition of interest expenses for the lease liabilities following the adoption of SFRS(I) 16 Leases.

(v) Income tax credit / (expense)

The tax credit in current quarter and six months ended 30 June 2019 was due to write back of deferred tax liability.

(vi) Current year performance

The Group ended 6M2019 with losses before taxation of \$0.7 million. This is 10.6 per cent lower compared to 6M2018, where the losses before taxation was \$0.8 million.

However, it should be noted that 6M2019 losses before taxation includes other income of \$0.2 million (arising from sale of scraps) and finance income of \$0.1 million. If both items were excluded the losses before taxation would have been \$1.0 million. Likewise, 6M2018 the losses before taxation would have been \$1.1 million (other income was \$0.1 million (wage credit scheme, medical claims and sale of scrap)) and finance income was \$0.2 million). Comparing 6M2019 (\$1.0 million) against 6M2018 (\$1.1 million), the losses before taxation have narrowed by 9.09%.

2Q2019 the Group achieved a profit before taxation of \$45,000. During this period, other income and finance income were \$0.3 million and \$0.1 million respectively. If these both items were excluded the Group would have incurred losses before taxation of \$0.4 million. Compared to 2Q2018, where the Group incurred losses before taxation of \$0.4 million, the exclusion of other income (\$0.3 million) and finance income (\$0.1 million), the losses before taxation would have been \$0.6 million. Comparing 2Q2019 (\$0.4 million) against 2Q2018 (\$0.6 million), the Group had narrowed its losses by 33.3%.

For 2Q2019, the Group generated a positive EBITDA of \$853,000 compared to Q22018 of \$783,000. 6M2019 the Group achieved a positive EBITDA of \$882,000 as compared to 6M2018 \$1.1 million.

Notes to statements of financial position

Group and Company

(i) Property, plant and equipment (increased by \$1.1 million)

The increase was due to additions of \$2.6 million offset by depreciation costs of \$1.4 million.

(ii) Right-of-Use assets (increased by \$0.6 million)

Recognition of right-of-use assets following the adoption of SFRS(I) 16 Leases.

(iii) Subsidiaries (increased by \$0.2 million)

The Group set up a Branch office in Taiwan.



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(iv) Contract Assets (increased by \$0.6 million)

The increase is due to ongoing jobs that are yet to be completed and lesser progress billings as compared to 31 December 2018.

(v) Trade and other receivables (decreased by \$5.0 million)

The decrease was due to collections from customers. Beside this, there was a pre-payment of \$2.2 million made for the purchase of certain fixed asset. The Group has taken delivery of the said fixed asset, the amount therefore has been reclassified to fixed assets (additions).

Trade receivables turnover: 60 days as at 30 June 2019, 68 days (as at 31 December 2018) and 88 days (as at 30 June 2018).

(vi) Lease liabilities (increased by \$0.2 million in non-current liabilities and \$0.4 million in current liabilities)

Lease liabilities increased by \$0.6 million due to the recognition of lease liabilities on the balance sheet following the adoption of SFRS(I) 16 Leases.

(vii) Trade and other payables (decreased by \$1.9 million)

The decrease due to payment to suppliers.

(viii) Loans and borrowings

The outstanding loan amount was for the hire purchase financing arrangements for the operating assets. The decrease in the loan amount in the current year was due to payment of hire purchase amount.

(ix) Deferred tax liability (decreased by \$134,000)

The decrease is due to write back of deferred tax liability.

(x) Treasury Shares (decreased by \$55,000) and Capital Reserve (increased by \$17,000)

Reissuance of 800,000 of treasury shares under the Group's Performance Share Plan. The Group recognized \$38,000 of share-based compensation expense in the profit and loss in the current quarter.

Notes to cash flow statement

The Group reported a cash balances of \$26.9 million as at 30 June 2019. An increase of \$0.4 million from \$26.5 million as at 31 December 2018. The increase due to collections from trade receivables offset by payment of lease liabilities and dividends.

Net Working capital (current assets less current liabilities): \$39.7 million as at 30 June 2019, \$42.1 million as at 31 December 2018 and \$42.5 million as at 30 June 2018.



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

No forecast was previously provided.

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

Singapore:

The Group will continue to adhere to its strategy of only seeking projects or contracts that will have positive contributions to its gross profits. This strategy has averted the Group from undertaking projects or contracts that will result in substantial cost overruns which consequently will negatively impact the cash flows or widen our current losses.

This strategy has done well in enhancing the Group's integrity with business partners.

Malaysia:

The Group on 1 March 2019 was awarded the Group Master Service Agreement for Integrated Turnaround Main Mechanical and Maintenance Mechanical Static (the "Contract Award") by Petroliaam Nasional Berhad ("Petronas"). The Contract Award will be undertaken by a Malaysian legal entity. The Group will hold a 49.0 per cent interest in the Malaysian legal entity while its Malaysian partner will hold the remaining 51.0 per cent. A shareholder's agreement is currently being negotiated between the Group and the Malaysian partner. Key areas under negotiations include capitalization of the legal entity, key appointments (board of directors and project management team) and working arrangements.

Please refer to our announcement dated 2 May 2019.

North America:

On 19 June 2019, the Group entered into an operating agreement with a US partner, Gary Harvey, to form a joint venture company in the US. The Group will hold a 75.0 per cent interest in the joint venture and will hold significant influence in the management of the joint venture. A draft circular seeking shareholder's approval has been submitted to the Singapore Exchange for their consideration.

Please refer to our announcement dated 20 June 2019.

Taiwan:

On 28 June 2019, the Group signed an integrated Turnaround contract with CPC Corporation, Taiwan. Taiwan state-owned petroleum, natural gas, and gasoline company and is the core of the Taiwanese petrochemicals industry. This project will be undertaken by the branch office of Mun Siong Engineering.

Please refer to our announcement dated 28 June 2019.

The capital commitments (Malaysia, North America and Taiwan) in aggregate will be significant. The Board of Directors have prioritized its capital investments to those that would contribute significantly to the Group's profitability. The Group may be seeking an alternative site to house its operations in Singapore upon the expiry of its current lease.



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11. If a decision regarding dividend has been made:—

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No interim dividend for the second quarter ended 30 June 2019 is recommended.

(b) (i) Amount per share cents

Not applicable.

(b) (ii) Previous corresponding period cents

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No interim dividend recommended for the six months ended 30 June 2019. Please refer to paragraph 10.

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

The Group has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. There was no IPT of S\$100,000 and above for the period under review.

14. Use of 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:

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Purpose (Amount in S\$'000)	Amount raised	Change of Use	Utilisation			Total Utilised	Balance
			up to 2018	1st Qtr 2019	2nd Qtr 2019		
To establish a regional presence	4,000	-	(1,914)	(9)	(3)	(1,926)	2,074
To establish an engineering design centre and upgrade of existing database management system	1,000	-	(674)	-	-	(674)	326
Widening the range of services available to our customers	12,500	(7,709)	(4,791)	-	-	(4,791)	-
Working Capital	1,400	7,709	(9,109)	-	-	(9,109)	-
Total	18,900	-	(16,488)	(9)	(3)	(16,500)	2,400

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

15. Negative 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 2019 to be false or misleading in any material respect.

16. Confirmation of undertakings from Directors and Executive Officers pursuant to Rule 720(1).

The Company confirms that it has procured the undertakings from all its Directors and Executive Officers in the format as set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

CHENG WOEI FEN
EXECUTIVE CHAIRLADY

6 August 2019