



**MUN SIONG ENGINEERING LIMITED**

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
PERIOD ENDED 30 JUNE 2017



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

---

**Contents**

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.....	4
1(a)(ii)	The statement of comprehensive income is arrived after charging/(crediting) the following:.....	5
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.....	6
1(b)(ii)	Aggregate amount of Group's borrowings and debt securities.....	7
1(c)	A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.....	8
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. ....	9
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.....	10
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. ....	10
1 (d)(iv)	A statement showing all sales, transfers, disposals, cancellations and/or use of treasure shares at the end of the current financial period reported on. ....	10
2.	Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.....	11
3.	Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter). ....	11
4.	Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.....	11
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. ....	11



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

---

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.....	11
7.	Net asset value (for the issuer and group) per ordinary share based on issued share ....	12
	(a) current financial period reported on; and	
	(b) immediately preceding financial year	
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:-....	12
	(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	
9.	Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results. ....	14
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. ....	14
11.	Dividend.....	15
	(a) Current Financial Period Reported On	
	(b) Corresponding Period of the Immediately Preceding Financial Year	
	(c) Date payable	
	(d) Books closure date	
12.	If no dividend has been declared/recommended, a statement to that effect. ....	15
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. ....	15
14.	Use of IPO Proceeds and Warrant Issue.....	15
15.	Confirmation pursuant to Rule 705(5). ....	16
16.	Confirmation of undertakings from Directors and Executive Officers pursuant to Rule 720(1). ....	17



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

**SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017**

**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)
	2017	2016		2017	2016	
	2Q	2Q	6-MTH	6-MTH		
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	21,593	20,343	6.1	42,995	39,759	8.1
Cost of sales	(20,054)	(18,936)	5.9	(40,142)	(37,126)	8.1
Gross profit	1,539	1,407	9.4	2,853	2,633	8.4
Other income	456	219	108.2	683	813	(16.0)
Administrative expenses	(1,407)	(1,526)	(7.8)	(2,876)	(3,017)	(4.7)
Other operating income/(expenses)	(5)	(22)	(77.3)	(14)	(10)	40.0
<b>Results from operating activities</b>	<b>583</b>	<b>78</b>	<b>647.4</b>	<b>646</b>	<b>419</b>	<b>54.2</b>
Finance income	31	65	52.3	59	114	48.2
Finance expenses	(5)	(14)	(64.3)	(9)	(27)	(66.7)
<b>Profit before income tax</b>	<b>609</b>	<b>129</b>	<b>372.1</b>	<b>696</b>	<b>506</b>	<b>37.5</b>
Income tax credit/(expense)	(96)	160	160.0	(52)	124	141.9
<b>Profit after income tax</b>	<b>513</b>	<b>289</b>	<b>77.5</b>	<b>644</b>	<b>630</b>	<b>2.2</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	(6)	3	(300.0)	(4)	(3)	(33.3)
<b>Total comprehensive income</b>	<b>507</b>	<b>292</b>	<b>73.6</b>	<b>640</b>	<b>627</b>	<b>2.1</b>
<b>Profit attributable to:</b>						
Owners of the Company	<b>513</b>	<b>289</b>	<b>77.5</b>	<b>644</b>	<b>630</b>	<b>2.2</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	<b>507</b>	<b>292</b>	<b>73.6</b>	<b>640</b>	<b>627</b>	<b>2.1</b>

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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

	Q2	Q2	6-MTH	6-MTH
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	960	877	1,908	1,766
Amortisation of intangible asset	37	37	74	74
Net gain on disposal of property, plant and equipment	(2)	(5)	(22)	(4)
Net foreign exchange (gain)/loss	5	22	14	9
Over provision for prior year tax expense	-	-	-	(7)
Finance income and Finance expenses:				
Interest income	(31)	(66)	(59)	(115)
Interest on borrowings	1	9	1	19
Unwinding of discount on site restoration provision	4	4	8	8



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

**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'17 \$'000	31 Dec'16 \$'000	Change %	30 Jun'17 \$'000	31 Dec'16 \$'000	Change %
<b>Non-current assets</b>						
Property, plant and equipment	16,231	17,102	(5.1)	16,254	17,088	(4.9)
Intangible asset	817	891	(8.3)	817	891	(8.3)
Investment properties	1,310	1,310	-	1,310	1,310	-
Goodwill on consolidation	1,001	1,001	-	-	-	NM
Subsidiaries	-	-	NM	4,741	4,741	-
<b>Total non-current assets</b>	<b>19,359</b>	<b>20,304</b>	<b>(4.7)</b>	<b>23,122</b>	<b>24,030</b>	<b>(3.8)</b>
<b>Current assets</b>						
Inventories	408	259	57.5	408	259	57.5
Contract work-in-progress	13,109	12,407	5.7	12,460	11,603	7.4
Trade and other receivables	22,537	22,369	0.8	21,525	20,731	3.8
Cash and cash equivalents	18,348	18,211	0.8	3,221	5,725	(43.7)
<b>Total current assets</b>	<b>54,402</b>	<b>53,246</b>	<b>2.2</b>	<b>37,614</b>	<b>38,318</b>	<b>(1.8)</b>
<b>Total assets</b>	<b>73,761</b>	<b>73,550</b>	<b>0.3</b>	<b>60,736</b>	<b>62,348</b>	<b>(2.6)</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	26,161	26,130	NM	26,161	26,130	NM
Capital reserve	5	6	(16.7)	5	6	(16.7)
Translation reserve	5	9	(44.4)	-	-	NM
Retained earnings	31,990	32,205	(0.7)	18,023	18,701	(3.6)
<b>Total equity attributable to owners of the Company</b>	<b>58,161</b>	<b>58,350</b>	<b>(0.3)</b>	<b>44,189</b>	<b>44,837</b>	<b>(1.4)</b>
<b>Non-current liabilities</b>						
Loans and borrowings	109	-	NM	109	-	NM
Provision for restoration costs	328	320	2.5	328	320	2.5
Deferred tax liabilities	1,283	1,286	(0.2)	1,283	1,281	0.2
<b>Total non-current liabilities</b>	<b>1,720</b>	<b>1,606</b>	<b>7.1</b>	<b>1,720</b>	<b>1,601</b>	<b>7.4</b>
<b>Current liabilities</b>						
Trade and other payables	13,468	13,289	1.3	14,468	15,644	(7.5)
Excess of progress billings over contract work-in-progress	340	266	27.8	340	266	27.8
Loans and borrowings	19	-	NM	19	-	NM
Current tax payable	53	39	35.9	-	-	NM
<b>Total current liabilities</b>	<b>13,880</b>	<b>13,594</b>	<b>2.1</b>	<b>14,827</b>	<b>15,910</b>	<b>(6.8)</b>
<b>Total liabilities</b>	<b>15,600</b>	<b>15,200</b>	<b>2.6</b>	<b>16,547</b>	<b>17,511</b>	<b>(5.5)</b>
<b>Total equity and liabilities</b>	<b>73,761</b>	<b>73,550</b>	<b>0.3</b>	<b>60,736</b>	<b>62,348</b>	<b>(2.6)</b>

NM: Not meaningful



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

**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 2017</b>		<b>31 December 2016</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
19	-	-	-

***Amount repayable after one year***

<b>30 June 2017</b>		<b>31 December 2016</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
109	-	-	-

Details of any collateral

The borrowings in the current period were new motor vehicles acquired under hire purchase facilities.

The borrowings in the previous year were secured against certain operating assets of the Group under hire purchase facilities and have been fully paid at the end of the previous financial year.



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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

	2017	2016	2017	2016
	2Q	2Q	6-MTH	6-MTH
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	609	129	696	506
Adjustments for:				
Depreciation of property, plant and equipment	960	877	1,908	1,766
Interest expense	1	9	1	19
Amortisation of intangible asset	37	37	74	74
Interest income	(31)	(66)	(59)	(115)
Net gain on disposal of property, plant and equipment	(2)	(5)	(22)	(4)
Operating cash flow before working capital changes	1,574	981	2,598	2,246
Changes in inventories	(149)	(22)	(150)	(57)
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	1,589	(1,591)	(628)	469
Changes in trade and other receivables	(6,963)	(36)	(168)	2,299
Changes in trade and other payables	(166)	2,832	179	733
Changes in provision for restoration costs	4	4	8	8
Cash generated (used in)/from operating activities	(4,111)	2,168	1,839	5,698
Tax credit received	-	2	-	9
Income tax paid	1	(145)	(41)	(207)
<b>Net cash generated (used in)/from operating activities</b>	<b>(4,110)</b>	<b>2,025</b>	<b>1,798</b>	<b>5,500</b>
<b>Cash flows from investing activities</b>				
Interest received	31	66	59	115
Proceeds from disposal of property, plant and equipment	3	5	23	5
Acquisition of property, plant and equipment	(702)	(425)	(1,037)	(866)
<b>Net cash used in investing activities</b>	<b>(668)</b>	<b>(354)</b>	<b>(955)</b>	<b>(746)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of warrants	19	37	30	40
Dividends paid in respect of previous year	(859)	(1,981)	(859)	(1,981)
Proceeds from finance lease liabilities	131	-	131	-
Repayment of finance lease liabilities	(3)	(199)	(3)	(397)
Interest paid	(1)	(9)	(1)	(19)
<b>Net cash used in financing activities</b>	<b>(713)</b>	<b>(2,152)</b>	<b>(702)</b>	<b>(2,357)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5,491)</b>	<b>(481)</b>	<b>141</b>	<b>2,397</b>
Cash and cash equivalents at beginning of period/year	23,845	27,676	18,211	24,804
Effect of exchange rate fluctuations on cash held	(6)	3	(4)	(3)
<b>Cash and cash equivalents at end of period</b>	<b>18,348</b>	<b>27,198</b>	<b>18,348</b>	<b>27,198</b>





**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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

Amount in \$'000	Share capital	Capital reserve	Translation reserve	Retained earnings	Total equity
<b>The Group</b>					
At 1 January 2017	26,130	6	9	32,205	58,350
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	644	644
Other comprehensive income for the period:-					
Foreign currency translation difference from foreign operation	-	-	(4)	-	(4)
Total comprehensive income for the period	-	-	(4)	644	640
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	31	(1)	-	-	30
Dividends	-	-	-	(859)	(859)
Total transactions with owners	31	(1)	-	(859)	(829)
<b>At 30 June 2017</b>	<b>26,161</b>	<b>5</b>	<b>5</b>	<b>31,990</b>	<b>58,161</b>
At 1 January 2016	26,066	9	6	31,565	57,646
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	630	630
Other comprehensive income for the period:-					
Foreign currency translation difference from foreign operation	-	-	(3)	-	(3)
Total comprehensive income for the period	-	-	(3)	630	627
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	42	(2)	-	-	40
Dividends	-	-	-	(1,981)	(1,981)
Total transactions with owners	42	(2)	-	(1,981)	(1,941)
<b>At 30 June 2016</b>	<b>26,108</b>	<b>7</b>	<b>3</b>	<b>30,214</b>	<b>56,332</b>

Amount in \$'000	Share capital	Capital reserve	Retained earnings	Total
<b>The Company</b>				
At 1 January 2017	26,130	6	18,701	44,837
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	181	181
Total comprehensive income for the period	-	-	181	181
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Shares issued for exercise of warrants	31	(1)	-	30
Dividends	-	-	(859)	(859)
Total transactions with owners	31	(1)	(859)	(829)
<b>At 30 June 2017</b>	<b>26,161</b>	<b>5</b>	<b>18,023</b>	<b>44,189</b>
At 1 January 2016	26,066	9	17,895	43,970
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	402	402
Total comprehensive income for the period	-	-	402	402
<b>Transactions with owners, recorded directly in equity</b>				
<b>Contributions by and distributions to owners</b>				
Shares issued for exercise of warrants	42	(2)	-	40
Dividends	-	-	(1,981)	(1,981)
Total transactions with owners	42	(2)	(1,981)	(1,941)
<b>At 30 June 2016</b>	<b>26,108</b>	<b>7</b>	<b>16,316</b>	<b>42,431</b>

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

**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 2017 to 30 June 2017, 1,966,600 Warrants were exercised and converted into 1,966,600 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.

	<b>2017 2Q</b>	<b>2016 2Q</b>
<b>Issued and paid-up shares</b>		
As at beginning of the period	570,819,100	564,008,100
Shares issued pursuant to exercise of warrants	1,966,600	3,737,000
As at end of the period	<u>572,785,700</u>	<u>567,745,100</u>
<b>Treasury shares</b>	NIL	NIL
<b>Total number of issued shares excluding treasury shares as at end of the period</b>	<u>572,785,700</u>	<u>567,745,100</u>
<b>Total outstanding warrants as at end of the period</b>	<u>10,605,500</u>	<u>15,646,100</u>

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

	<b>As at 30 Jun 2017</b>	<b>As at 31 Dec 2016</b>
Total number of shares	572,785,700	569,793,100
Less: Treasury shares	NIL	NIL
Total number of issued shares excluding treasury shares	<u>572,785,700</u>	<u>569,793,100</u>

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

Not applicable. There were no treasury shares.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

**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 2016 save for those disclosed in Para 5 below.

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

On 1 January 2017, the Group adopted new and amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS ad INT FRS.

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

**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 2017	2Q 2016	6-MTH 2017	6-MTH 2016
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.09	0.05	0.11	0.11
- on fully diluted basis (cents)	0.09	0.05	0.11	0.11
Weighted average number of shares in issue during the period used in computing basic EPS	572,507,071	565,841,722	571,449,059	564,815,172
Weighted average number of shares in issue during the period used in computing diluted EPS	581,284,037	579,043,119	580,226,024	578,016,569

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

**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**

	<b>Group</b>		<b>Company</b>	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	10.15	10.24	7.71	7.87
Number of shares (issued and issuable) used in computing net asset value per ordinary share	572,785,700	569,793,100	572,785,700	569,793,100

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Notes to the statement of comprehensive income****(i) Revenue and profitability**

Revenue for the current quarter ("2Q2017") of S\$21.4 million was 6.1% higher than that in the corresponding prior quarter ("2Q2016") with higher volume of project work completed during the current period under review.

Cost of sales for 2Q2017 increased in tandem with the higher revenue and higher direct operating cost.

Gross profit margin achieved for the current 6-month ("6-MTH 2017") is comparable with the gross profit margin achieved in the previous corresponding period ("6-MTH 2016").

Profit before taxation increased for 2Q2017 to S\$609,000 as compared to S\$129,000 recorded in the corresponding prior quarter. As a result, the profit before tax for 6-MTH 2017 of S\$0.7 million was higher than the amount of S\$0.5 million recorded in 6-MTH 2016. The improvement in profit before taxation is attributed to higher revenue, increase in other income and lower expenses.

**(ii) Other income**

Other income in 2Q2107 was higher than 2Q2016. This was attributed mainly to the receipts of Employment Credits from the Ministry of Manpower, Wage Credit Scheme payout from IRAS and proceeds from the sale of scrap materials.

However, other income for 6-MTH 2017 was lower than 6-MTH 2016 due to the inclusion of a Capability Development Grant of S\$240K from Spring Singapore in 6-MTH 2016.



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

---

(iii) Administrative expenses

Administrative expenses for 6-MTH 2017 were lower as compared the prior corresponding period as the prior period included expenses incurred for the upgrading and maintenance of the information system.

(iv) Other expenses

Other expenses recorded a net loss arising from foreign exchange transactions.

(v) Finance income and expense

The Group recorded a lower finance income due to lower interest income from deposits.

Finance expense for 2Q2017 included hire purchase interests on new hire purchase financing taken up for new motor vehicles. Finance expense for 2Q2016 referred to the interest expense on the instalments for operating equipment acquired in 2012. These hire purchase instalments were fully paid in November 2016.

(vi) Income tax (expense) / credit

The Group recorded a tax expense of S\$52K for the 6-MTH 2017 as compared against a credit of S\$124K for the 6-MTH 2016.

The tax expense for the current period arose mainly from the provision made on the profit for the period. The effective tax rate is lower than the statutory tax rate after accounting for tax savings from available incentives, including those under the PIC scheme.

Prior year's tax credit of S\$124K arose mainly from a writeback of deferred tax liability of S\$140K offset by a current tax provision of S\$25K.

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

***Group and Company***

(i) Property, plant and equipment

The decrease was mainly due to depreciation expense of S\$1.9 million offset by the acquisition of operating assets of S\$1.0 million to upgrade and enhance the Group's operational capabilities.

(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 and contract work-in-progress

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

(iv) Loans and borrowings

The increase in loans and borrowings was due to new motor vehicles acquired on hire purchase financing in the current year.



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

---

(v) Trade and other payables

The increase was due to higher volume of direct operating expenses.

(vi) Excess of progress billings over contract work-in-progress

The amount refers to progress billings raised for work still in progress.

(vii) Deferred tax liabilities and Current tax payable

The deferred tax liabilities were mainly due to the recognition of the temporary timing differences arising from the general provisions and claim on capital allowances on qualifying assets.

The increase in current tax payable was due to the provision made for the period offset by the payment made on tax due..

(viii) Equity

Total equity of the Group decreased from S\$58.4 million as at 31 December 2016 to S\$58.1 million as at 30 June 2017. The decrease was mainly attributed to the payment of dividend of S\$0.9 million in respect of FYT2016 offsetting the increase in revenue reserve of S\$0.6 million which arose from profit generated by the Group and the increase in share capital from the issue of new ordinary shares at the exercise price of one cent each pursuant to the conversion of the warrants.

During the current quarter, a total of 1,966,600 warrants have been exercised and the proceeds received were credited to share capital accordingly.

**Notes to cash flow statement**

The Group continues to register positive cash flows generated from its operation. Working capital (current assets less current liabilities) was S\$40.5 million (as at 30 June 2017) as compared with S\$39.7 million (as at 31 December 2016).

For the 6-MTH period, the net operating cash inflow of S\$1.8 million arose mainly from the profit from operations.

The Group's cash balance as at 30 June 2017 was S\$18.3 million, an increase of S\$0.1 million from S\$18.2 million as at 31 December 2016. This is after taking into consideration cash outlay of S\$1.0 million invested to acquire operating assets and the payment of dividend of S\$0.9 million 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.**

In the commentary on its 1Q2017 financial performance, the Group has highlighted that the outlook for the process industry in Singapore continues to be challenging and that the cautionary



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

---

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

These negative sentiments are likely to continue and may intensify.

**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 2017 is recommended.

***(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/recommendeded, a statement to that effect.**

No interim dividend for the three months ended 30 June 2017 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. There was no IPT of S\$100,000 and above for the period under review.

**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.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

As at the date of this announcement, 156,748,800 warrants had been exercised since the issue of the warrants and a total proceed of about S\$1.57 million was raised and the status of the proceeds is as follow:

	<b>Amount (S\$'000)</b>
Proceeds from warrants conversion	1,567
Purchase of vehicles	(407)
Purchase of equipment	(618)
Purchase of materials and services for operations	(443)
<b>Balance</b>	<b>99</b>

## b) IPO Proceeds

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

Purpose (Amount in S\$'000)	Amount raised	Change of Use	Utilisation			Total Utilised	Balance
			up to 2016	1st Qtr 2017	2nd Qtr 2017		
To establish a regional presence	4,000	-	(1,809)	(4)	(4)	(1,817)	2,183
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)	-
<b>Total</b>	<b>18,900</b>	<b>-</b>	<b>(16,383)</b>	<b>(4)</b>	<b>(4)</b>	<b>(16,391)</b>	<b>2,509</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 2017 to be false or misleading in any material respect.





**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

---

**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**

**8 August 2017**