



MUN SIONG ENGINEERING LIMITED

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
PERIOD ENDED 31 MARCH 2019



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

Contents

| | | |
|-----------|--|----|
| 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..... | 5 |
| 1(a)(ii) | The statement of comprehensive income is arrived after charging/(crediting) the following:..... | 6 |
| 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..... | 7 |
| 1(b)(ii) | Aggregate amount of Group's borrowings and debt securities..... | 8 |
| 1(c) | A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year..... | 9 |
| 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. | 10 |
| 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. | 11 |
| 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. | 11 |
| 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..... | 12 |
| 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..... | 12 |
| 2. | Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice..... | 12 |



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

| | | |
|-----|--|----|
| 3. | Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)..... | 12 |
| 4. | Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied..... | 12 |
| 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. | 12 |
| 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. | 13 |
| 7. | Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares..... | 13 |
| | (a) current financial period reported on; and | 13 |
| | (b) immediately preceding financial year..... | 13 |
| 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:-..... | 14 |
| | (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 | 14 |
| | (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. | 14 |
| 9. | Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results..... | 16 |
| 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..... | 16 |
| 11. | If a decision regarding dividend has been made:— | 17 |
| | (a) Whether an interim (final) ordinary dividend has been declared (recommended); and | 17 |
| | (b) (i) Amount per share cents..... | 17 |
| | (b) (ii) Previous corresponding period cents..... | 17 |



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

| | | |
|-----|--|----|
| | (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)..... | 17 |
| | (d) The date the dividend is payable..... | 17 |
| | (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. | 18 |
| 12. | If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision. | 18 |
| 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. | 18 |
| 14. | Use of IPO Proceeds..... | 18 |
| 15. | Negative confirmation pursuant to Rule 705(5). | 18 |
| 16. | Confirmation of undertakings from Directors and Executive Officers pursuant to Rule 720(1)..... | 19 |



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 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 | | |
|---|------------------|--------------|------------------|
| | Qtr ended 31 Mar | | Incr / (Decr) |
| | 1Q 2019 | 1Q 2018 | |
| | \$'000 | \$'000 | % |
| Revenue | 12,164 | 13,548 | (10.2) |
| Cost of sales | (11,913) | (12,860) | (7.4) |
| Gross profit | 251 | 688 | (63.5) |
| Other income | 225 | 307 | (26.7) |
| Administrative expenses | (1,282) | (1,527) | (16.0) |
| Other operating expenses | (58) | (133) | (56.4) |
| Results from operating activities | (864) | (665) | (29.9) |
| Finance income | 95 | 100 | (5.0) |
| Finance expenses | (11) | (5) | 120.0 |
| (Loss) / Profit before income tax | (780) | (570) | (36.8) |
| Income tax credit / (expense) | 100 | 31 | 222.6 |
| (Loss) / Profit after income tax | (680) | (539) | (26.2) |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation difference from foreign operations | (1) | (5) | 80.0 |
| Total comprehensive (loss) / income | (681) | (544) | (25.2) |
| (Loss) / Profit attributable to: | | | |
| Owners of the Company | (679) | (539) | (26.0) |
| Non-controlling interest | (1) | - | NM |
| | (680) | (539) | (26.2) |
| Total comprehensive (loss) / income attributable to: | | | |
| Owners of the Company | (680) | (544) | (25.0) |
| Non-controlling interest | (1) | - | NM |
| | (681) | (544) | (25.2) |

NM: Not meaningful

**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:

| | Group | | |
|--|------------------|---------|------------------|
| | Qtr ended 31 Mar | | Incr / (Decr) |
| | 1Q 2019 | 1Q 2018 | |
| \$'000 | \$'000 | % | |
| Depreciation of property, plant and equipment | 798 | 848 | (5.9) |
| Amortisation of intangible asset | - | 37 | (100.0) |
| Net (gain) / loss on disposal of property, plant and equipment | (41) | - | NM |
| Net foreign exchange loss /(gain) | 58 | 133 | (56.4) |
| Finance (income)/expenses: | | | |
| Interest income | (95) | (100) | 5.0 |
| Interest on borrowings | 1 | 1 | - |
| Interest on lease liabilities | 5 | - | NM |
| Unwinding of discount on site restoration provision | 5 | 4 | 25.0 |

NM: not meaningful



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 | | Change % | Company | | Change % |
|---|----------------------|---------------------|---------------|----------------------|---------------------|---------------|
| | 31 Mar' 19 \$'000 | 31 Dec'18 \$'000 | | 31 Mar' 19 \$'000 | 31 Dec'18 \$'000 | |
| Non-current assets | | | | | | |
| Property, plant and equipment | 12,730 | 13,347 | (4.6) | 12,750 | 13,367 | (4.6) |
| Rights of Use assets | 721 | - | NM | 721 | - | NM |
| Investment properties | 1,225 | 1,225 | - | 1,225 | 1,225 | - |
| Investment in Subsidiaries | - | - | - | 2,758 | 2,580 | 6.9 |
| Total non-current assets | 14,676 | 14,572 | 0.7 | 17,454 | 17,172 | 1.6 |
| Current assets | | | | | | |
| Inventories | 263 | 351 | (25.1) | 263 | 351 | (25.1) |
| Contract assets | 9,087 | 10,059 | (9.7) | 8,496 | 9,277 | (8.4) |
| Trade and other receivables | 11,159 | 15,681 | (28.8) | 11,334 | 15,622 | (27.4) |
| Cash and cash equivalents | 29,382 | 26,549 | 10.7 | 23,165 | 20,777 | 11.5 |
| Total current assets | 49,891 | 52,640 | (5.2) | 43,258 | 46,027 | (6.0) |
| Total assets | 64,567 | 67,212 | (3.9) | 60,712 | 63,199 | (3.9) |
| Equity attributable to equity holders of the Company | | | | | | |
| Share capital | 26,254 | 26,254 | - | 26,254 | 26,254 | - |
| Treasury shares | (193) | (193) | - | (193) | (193) | - |
| Translation reserve | (3) | (2) | 50.0 | - | - | - |
| Retained earnings | 28,000 | 28,704 | (2.5) | 23,633 | 24,344 | (2.9) |
| Total equity attributable to owners of the Company | 54,058 | 54,763 | (1.3) | 49,694 | 50,405 | (1.4) |
| Non-controlling interest | 4 | 5 | (20.0) | - | - | - |
| Total equity | 54,062 | 54,768 | (1.3) | 49,694 | 50,405 | (1.4) |
| Non-current liabilities | | | | | | |
| Loans and borrowings | 76 | 81 | (6.2) | 76 | 81 | (6.2) |
| Provision for restoration costs | 360 | 355 | 1.4 | 360 | 355 | 1.4 |
| Lease liabilities | 312 | - | NM | 312 | - | NM |
| Deferred tax liabilities | 1,384 | 1,484 | (6.7) | 1,384 | 1,484 | (6.7) |
| Total non-current liabilities | 2,132 | 1,920 | 11.0 | 2,132 | 1,920 | 11.0 |
| Current liabilities | | | | | | |
| Trade and other payables | 7,835 | 10,247 | (23.5) | 8,435 | 10,773 | (21.7) |
| Contract liabilities | - | 82 | (100.0) | - | 82 | (100.0) |
| Loans and borrowings | 19 | 19 | - | 19 | 19 | - |
| Lease liabilities | 432 | - | NM | 432 | - | NM |
| Current tax payable | 87 | 176 | (50.6) | - | - | - |
| Total current liabilities | 8,373 | 10,524 | (20.4) | 8,886 | 10,874 | (18.3) |
| Total liabilities | 10,505 | 12,444 | (15.6) | 11,018 | 12,794 | (13.9) |
| Total equity and liabilities | 64,567 | 67,212 | (3.9) | 60,712 | 63,199 | (3.9) |

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**

| 31 Mar 2019 | | 31 December 2018 | |
|--------------------|-----------|-------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 19 | - | 19 | - |

Amount repayable after one year

| 31 Mar 2019 | | 31 December 2018 | |
|--------------------|-----------|-------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 76 | - | 81 | - |

Details of any collateral

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



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

| | Group | |
|--|---------------|----------------|
| | 1Q 2019 | 1Q 2018 |
| | \$'000 | \$'000 |
| Cash flows from operating activities | | |
| (Loss)/profit before income tax | (780) | (570) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 798 | 848 |
| Interest expense | 6 | 1 |
| Amortisation of intangible asset | - | 37 |
| Unwinding of discount on site restoration provision | 5 | 4 |
| Interest income | (95) | (100) |
| Net (gain) / loss on disposal of property, plant and equipment | (41) | - |
| Operating cash flow before working capital changes | (107) | 220 |
| Changes in inventories | 88 | 10 |
| Changes in contract assets | 972 | (1,742) |
| Changes in trade and other receivables | 4,522 | 311 |
| Changes in trade and other payables | (2,412) | (961) |
| Changes in contract liabilities | (82) | - |
| Cash (used in)/generated from operating activities | 2,981 | (2,162) |
| Income tax (paid) / refund | (89) | 1 |
| Net cash (used in)/generated from operating activities | 2,892 | (2,161) |
| Cash flows from investing activities | | |
| Interest received | 95 | 100 |
| Proceeds from disposal of property, plant and equipment | 103 | - |
| Acquisition of property, plant and equipment | (139) | (846) |
| Net cash (used in)/generated from investing activities | 59 | (746) |
| Cash flows from financing activities | | |
| Proceeds from contribution by non-controlling interest | - | 6 |
| Purchase of treasury shares | - | (27) |
| Repayments of borrowings | (5) | (5) |
| Payment of lease liabilities | (108) | - |
| Interest paid | (6) | (1) |
| Net cash (used in)/generated from financing activities | (119) | (27) |
| Net (decrease)/increase in cash and cash equivalents | 2,832 | (2,934) |
| Cash and cash equivalents at beginning of period | 26,549 | 35,648 |
| Effect of exchange rate fluctuations on cash held | 1 | (3) |
| Cash and cash equivalents at end of period | 29,382 | 32,711 |

* Denotes amount less than S\$1,000



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.

| | Share capital | Treasury shares | Translation reserve | Retained earnings | Total | Non-controlling interest | Total Equity |
|--|---------------|-----------------|---------------------|-------------------|---------------|--------------------------|---------------|
| | \$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 | - | - | - | (679) | (679) | (1) | (680) |
| Other comprehensive income /(loss) for the year | | | (1) | - | (1) | - | (1) |
| Total comprehensive income /(loss) for the year | - | - | (1) | (679) | (680) | (1) | (681) |
| As at 31 March 2019 | 26,254 | (193) | (3) | 28,000 | 54,058 | 4 | 54,062 |
| 2018 | | | | | | | |
| Beginning of financial year | 26,254 | (118) | 2 | 33,513 | 59,651 | - | 59,651 |
| (Loss)/Profit for the year | - | - | - | (539) | (539) | - | (539) |
| Other comprehensive income /(loss) for the year | - | - | (5) | - | (5) | - | (5) |
| Total comprehensive income for the year | - | - | (5) | (539) | (544) | - | (544) |
| Purchase of treasury shares | - | (27) | - | - | (27) | - | (27) |
| Capital contribution by non controlling interests | | | | | - | 6 | 6 |
| Total transactions with owners, recognised directly in equity | - | (27) | - | - | (27) | 6 | (21) |
| At 31 March 2018 | 26,254 | (145) | (3) | 32,974 | 59,080 | 6 | 59,086 |
| 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 | - | - | (686) | (686) | | | |
| Total comprehensive income for the year | - | - | (686) | (686) | | | |
| As at 31 March 2019 | 26,254 | (193) | 23,633 | 49,694 | | | |
| 2018 | | | | | | | |
| Beginning of financial year | 26,254 | (118) | 22,969 | 49,105 | | | |
| (Loss)/Profit for the year | - | - | (439) | (439) | | | |
| Total comprehensive income for the year | - | - | (439) | (439) | | | |
| Purchase of treasury shares | - | (27) | - | (27) | | | |
| Total transactions with owners, recognised directly in equity | - | (27) | - | (27) | | | |
| At 31 March 2018 | 26,254 | (145) | 22,530 | 48,639 | | | |

**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 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 31 March 2019.

The Company did not purchase any shares in the current quarter. At the end of the current period, the total number of treasury shares held is 2,822,000 shares. As at the date of this announcement, no action is taken on the treasury shares.

| | As at 31 Mar 2019 | As at 31 Mar 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 |
| Movement during the period | - | 400,000 |
| As at end of the period | 2,822,000 | 2,038,000 |
| Total number of issued shares excluding treasury shares as at the end of the period | 578,724,400 | 579,508,400 |

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 31 Mar 2019 | As at 31 Dec 2018 |
|--|----------------------|----------------------|
| Total number of shares | 581,546,400 | 581,546,400 |
| Less: Treasury shares | 2,822,000 | 2,822,000 |
| Total number of issued shares excluding treasury shares | 578,724,400 | 578,724,400 |



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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.

There was no sale, transfer, cancellation and use of treasury shares at the end of the current period.

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 lessees. A lessee recognizes a Rights of Use ("ROU") asset representing its right to use the underlying asset and a lease liability representing the obligation to make lease payments.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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 | |
|--|-------------|-------------|
| | 1Q 2019 | 1Q 2018 |
| EPS (based on consolidated net (loss) /profit | | |
| - on weighted average number of ordinary shares in issue (cents) | (0.12) | (0.10) |
| - on fully diluted basis (cents) | (0.12) | (0.10) |
| Weighted average number of shares in issue during the period used in computing basic EPS | 578,724,400 | 579,521,883 |
| Weighted average number of shares in issue during the period used in computing diluted EPS | 578,724,400 | 579,521,883 |

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 | |
|--|-------------|-------------|-------------|-------------|
| | 31 Mar 2019 | 31 Dec 2018 | 31 Mar 2019 | 31 Dec 2018 |
| Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents) | 9.34 | 9.44 | 8.59 | 8.69 |
| Number of shares (issued and issuable) used in computing net asset value per ordinary share | 578,724,400 | 578,724,400 | 578,724,400 | 578,724,400 |



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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

1Q 2019 versus 1Q 2018

The challenging market conditions that the Group faces in 2018 continues into the first quarter of 2019.

The Group has continued with its prudence stance on undertaking projects or works that will yield neutral or positive gross profit margin. This has resulted in decline in revenue for the period under review. The Group's revenue declined by \$1.4 million or 10.2% to \$12.2 million.

It should be noted that, based on past experiences, the level of business activities in the first quarter is usually lower compared to subsequent quarters of the financial year.

Although revenue has declined by 10.2%, there was a slower decline in our cost of sales. Variable costs (excluding labour costs) and fixed costs (depreciation and rental of hostel) declined by 17.6% and 15.3% respectively. The higher percentage reduction was due to the Group's effort to initiate costs savings measures which are beginning to bear results (in terms of costs reduction or preventing further costs escalation).

Notably the Group (together with its auditors) has in FY2018 conducted a review of its depreciation estimates. The review has resulted in the useful life of certain fixed assets been extended and in certain cases the depreciation estimates were adjusted to reflect its residual values. This have resulted in a reduction in depreciation charges.

Labor costs declined marginally as the Group needs to maintain a certain workforce to service potential work orders received from business partners.

On an overall basis, the cost of sales declined by 7.4% or \$947,000 for the current quarter. The Group will continue to focus on productivity and work efficiency to control its costs.

Gross Profit declined by \$437,000 or 63.5% to \$251,000. Gross Profit margin declined from 5.1% (Q12018) to 2.1% (Q12019). The lower gross profit and gross profit margin were due to lower revenue and lower margin earned from current jobs.

(ii) Other income

In the current quarter, other income decreased by 26.7% or \$82,000. The decline was due to lower income from sales of scrap.

(iii) Administrative expenses

Administration expenses decreased by \$245,000 or 16.0%. The decreased was due to lower salaries costs (lower headcount) and lower overhead costs.



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

(iv) Other operating expenses

Other operating expenses include foreign exchange gain and losses. We incurred a lower exchange loss in current quarter as compared to Q12018.

(v) 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.

(vi) Income tax credit / (expense)

The higher tax credit in current period was due to write back of deferred tax liability.

(vii) Current year performance

The Group incurred a net loss before tax of \$780,000 for the current quarter. Despite the decline in revenue and difficult situation the Group is facing, the Group was able to generate a positive EBITDA of \$29,000 (Q12018: \$320,000) in the current period.

Notes to statements of financial position

Group and Company

(i) Property, plant and equipment (decreased by \$0.6 million)

The decrease due to depreciation charges incurred on the fixed assets.

(ii) Rights of Use assets (increased by \$0.7 million)

Recognition of Rights 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 to facilitate the Group to bid for local projects in Taiwan.

(iv) Inventories (decreased by \$0.1 million)

Lesser inventories purchased in current period as compared to 31 December 2018.

(v) Contract Assets (decreased by \$1.0 million)

The decrease is due to completion of jobs and more progress billings as compared to 31 December 2018.

(vi) Trade and other receivables (decreased by \$4.5 million)

Included in other receivables is an amount of \$2.2m pertaining to the prepayments for the automated machine. This prepayment will be reclassified to fixed assets in the 2nd quarter of 2019. Trade receivable balances decreased mainly due to collections from customers.

(vii) Lease liabilities (increased by \$0.3 million in non-current liabilities and \$0.4 million in current liabilities)



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

Lease liabilities increased by \$0.7m due to the recognition of lease liabilities on the balance sheet following the adoption of SFRS(I) 16 Leases.

(viii) Trade and other payables (decreased by \$2.4 million)

The decrease due to payment to suppliers.

(ix) Loans and borrowings

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

Notes to cash flow statement

The Group reported a higher cash balance of \$29.4 million as at 31 March 2019. An increase of \$2.9 million from \$26.5 million as at 31 December 2018. The cash inflow incurred due to cash generated from operations, arising mainly from trade receivables collections.

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.

The challenging market conditions that the Group has caveated since 2015, with increasing intensity since 2017, will continues into FY2019.

The Group in recent months have made known its intentions to diversify into North America and Malaysia.

Entry into the North American market will be through a joint venture where the Group will hold a controlling interest. The potential joint venture partner has a relationship with some customers from the oil and gas and petrochemical industries. The business focus of the potential joint venture will be an extension of the Group's core competencies. The Group will be tapping on the joint venture partner' relationship to expedite entry into the market. Funds committed by the Group into the joint venture will be used primarily to undertake larger dollar value projects,

The Group together with a Malaysian Partner (which is a pre-requisite to the award of the contract), have been awarded a Group Wide Master Service Agreement for Integrated Turnaround Main Mechanical and Maintenance Mechanical Static ("Contract Award") by Petronas. The Contract Award will be undertaken through a joint venture to be formed by the Company and the potential Malaysian Partner. The initial contract period is for a period of 5 years with effect from 15 March 2019 with options to extend by Petronas for a further period of 3 years and thereafter for an additional 2 years.

Both diversification initiatives are the Group's first major foray outside of Singapore. It is important that both initiatives are successful, increasing the revenue base and profitability. However, as they are the Group's first major foray outside of Singapore, there will be challenges including those that we may not have anticipated or identified during the various stages of evaluation/due diligence. Such challenges will have negative impact on both our financial performance and position in the short term. The Board believes that such diversification initiatives are necessary and should benefit the Group in the longer term.



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

In the case of Malaysia, a pre-requisite of the Contract Award, the joint venture company will be an associate company of the Group. In both joint ventures, including the North American joint venture, the Group primary focus is to manage its exposure to financial and business risk. It will take the necessary steps (through terms and conditions in the joint venture agreements) to mitigate such risk and not allow such risk to substantially increase its overall risk profile.

Besides, the North American and Malaysian markets the Group will continue to seek business opportunities in other markets where local partners can leverage on the Group's accumulated expertise.

As at the date of this announcement, discussions with Jurong Town Corporation ("JTC") on the possibility of extending the current lease or seeking an alternative site, are ongoing. The existing lease will expire in August 2020.

Both the diversification initiatives, re-location of the Group's operations and working capital requirements of the Group will require significant drawdowns from the cash reserves and existing credit facilities. It is likely that the Group will require additional credit facilities to be extended from both existing and new financial institutions.

The Company would like to draw shareholder's and investor's attention that both the joint venture agreements (United States of America and Malaysia) are currently still undergoing review by the Company and our joint venture partners (as described in their respective announcements on the SGX-ST). The joint venture in the United States of America will be conditional on the Company's compliance with Rule 1006 of the SGX-ST's listing rules (mainboard), including those of shareholders at an extraordinary meeting.

As such, shareholders of the Company are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in relation to their shares which may be prejudicial to their interests. Persons who are in doubt, as to the action they should take, should consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

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 first quarter ended 31 March 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.

**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

(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 three months ended 31 March 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:

| Purpose (Amount in S\$'000) | Amount raised | Change of Use | Utilisation | | Total Utilised | Balance |
|--|---------------|---------------|-----------------|--------------|-----------------|--------------|
| | | | up to 2018 | 1st Qtr 2019 | | |
| To establish a regional presence | 4,000 | - | (1,914) | (9) | (1,923) | 2,077 |
| 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) | (16,497) | 2,403 |

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



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

financial statements for the quarter ended 31 March 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

10 May 2019