



**MUN SIONG ENGINEERING LIMITED**

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
PERIOD ENDED 30 JUNE 2016



**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 2016**

**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)
	2016	2015		2016	2015	
	2Q	2Q	6-MTH	6-MTH		
\$'000	\$'000	%	\$'000	\$'000	%	
Revenue	20,343	16,403	24.0	39,759	32,773	21.3
Cost of sales	(18,936)	(15,102)	25.4	(37,126)	(29,440)	26.1
Gross profit	1,407	1,301	8.1	2,633	3,333	(21.0)
Other income	284	251	13.1	927	778	19.2
Administrative expenses	(1,531)	(1,458)	5.0	(3,025)	(3,120)	(3.0)
Other operating expenses	(22)	(20)	10.0	(10)	(7)	42.9
<b>Results from operating activities</b>	<b>138</b>	<b>74</b>	<b>86.5</b>	<b>525</b>	<b>984</b>	<b>(46.6)</b>
Finance costs	(9)	(9)	-	(19)	(19)	-
<b>Profit before income tax</b>	<b>129</b>	<b>65</b>	<b>98.5</b>	<b>506</b>	<b>965</b>	<b>(47.6)</b>
Income tax credit	160	150	(6.7)	124	285	56.5
<b>Profit after income tax</b>	<b>289</b>	<b>215</b>	<b>34.4</b>	<b>630</b>	<b>1,250</b>	<b>(49.6)</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	3	4	(25.0)	(3)	5	(160.0)
<b>Total comprehensive income</b>	<b>292</b>	<b>219</b>	<b>33.3</b>	<b>627</b>	<b>1,255</b>	<b>(50.0)</b>
<b>Profit attributable to:</b>						
Owners of the Company	<b>289</b>	<b>215</b>	34.4	<b>630</b>	<b>1,250</b>	(49.6)
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	<b>292</b>	<b>219</b>	33.3	<b>627</b>	<b>1,255</b>	(50.0)

NM: Not meaningful

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

	Group		Group	
	Qtr ended 30 Jun		YTD ended 30 Jun	
	FY2016	FY2015	FY2016	FY2015
	Q2	Q2	6-MTH	6-MTH
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	877	874	1,766	1,796
Amortisation of intangible asset	37	37	74	74
Writeback for foreseeable loss	(396)	-	(396)	-
Net gain on disposal of property, plant and equipment	(5)	(13)	(4)	(25)
Interest income	(66)	(38)	(115)	(72)
Interest on borrowings	9	9	19	19
Net foreign exchange loss	22	20	9	7
Under / (over) provision for prior year tax expense	-	10	(7)	(317)


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

	Group			Company		
	30 Jun'16 \$'000	31 Dec'15 \$'000	Change %	30 Jun'16 \$'000	31 Dec'15 \$'000	Change %
<b>Non-current assets</b>						
Property, plant and equipment	15,888	16,789	(5.4)	14,092	14,795	(4.8)
Intangible asset	966	1,040	(7.1)	966	1,040	(7.1)
Investment properties	1,310	1,310	-	1,310	1,310	-
Goodwill on consolidation	1,001	1,001	-	-	-	NM
Subsidiaries	-	-	NM	5,336	4,436	20.3
<b>Total non-current assets</b>	<b>19,165</b>	<b>20,140</b>	<b>(4.8)</b>	<b>21,704</b>	<b>21,581</b>	<b>0.6</b>
<b>Current assets</b>						
Inventories	204	146	39.7	204	146	39.7
Contract work-in-progress	7,440	8,601	(13.5)	6,169	7,312	(15.6)
Trade and other receivables	18,559	21,254	(12.7)	18,567	20,002	(7.2)
Cash and cash equivalents	27,198	24,804	9.7	11,049	11,140	(0.8)
<b>Total current assets</b>	<b>53,401</b>	<b>54,805</b>	<b>(2.6)</b>	<b>35,989</b>	<b>38,600</b>	<b>(6.8)</b>
<b>Total assets</b>	<b>72,566</b>	<b>74,945</b>	<b>(3.2)</b>	<b>57,693</b>	<b>60,181</b>	<b>(4.1)</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	26,108	26,066	0.2	26,108	26,066	0.2
Capital reserve	7	9	(22.2)	7	9	(22.2)
Translation reserve	3	6	(50.0)	-	-	NM
Retained earnings	30,214	31,565	(4.3)	16,316	17,895	(8.8)
<b>Total equity attributable to owners of the Company</b>	<b>56,332</b>	<b>57,646</b>	<b>(2.3)</b>	<b>42,431</b>	<b>43,970</b>	<b>(3.5)</b>
<b>Non-current liabilities</b>						
Provision for restoration costs	312	304	2.6	312	304	2.6
Deferred tax liabilities	1,268	1,408	(9.9)	1,161	1,281	(9.4)
<b>Total non-current liabilities</b>	<b>1,580</b>	<b>1,712</b>	<b>(7.7)</b>	<b>1,473</b>	<b>1,585</b>	<b>(7.1)</b>
<b>Current liabilities</b>						
Trade and other payables	13,899	13,165	5.6	13,164	12,305	7.0
Excess of progress billings over contract work-in-progress	293	1,380	(78.8)	228	1,377	(83.4)
Loans and borrowings	301	698	(56.9)	301	698	(56.9)
Current tax payable	161	344	(53.2)	96	246	(61.0)
<b>Total current liabilities</b>	<b>14,654</b>	<b>15,587</b>	<b>(6.0)</b>	<b>13,789</b>	<b>14,626</b>	<b>(5.7)</b>
<b>Total liabilities</b>	<b>16,234</b>	<b>17,299</b>	<b>(6.2)</b>	<b>15,262</b>	<b>16,211</b>	<b>(5.9)</b>
<b>Total equity and liabilities</b>	<b>72,566</b>	<b>74,945</b>	<b>(3.2)</b>	<b>57,693</b>	<b>60,181</b>	<b>(4.1)</b>

NM: Not meaningful

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

<b>30 June 2016</b>		<b>31 December 2015</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
301	-	698	-

***Amount repayable after one year***

<b>30 June 2016</b>		<b>31 December 2015</b>	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

**Details of any collateral**

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



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

	2016	2015	2016	2015
	2Q	2Q	6-MTH	6-MTH
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	129	65	506	965
Adjustments for:				
Depreciation of property, plant and equipment	877	874	1,766	1,796
Interest expense	9	9	19	19
Amortisation of intangible asset	37	37	74	74
Interest income	(66)	(38)	(115)	(72)
Net gain on disposal of property, plant and equipment	(5)	(13)	(4)	(25)
Writeback for foreseeable loss	(396)	-	(396)	-
Operating cash flow before working capital changes	585	934	1,850	2,757
Changes in inventories	(22)	16	(57)	(15)
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	(1,591)	4,059	469	3,745
Changes in trade and other receivables	360	4,219	2,695	9,582
Changes in trade and other payables	2,832	(621)	733	(3,158)
Changes in provision for restoration costs	4	176	8	176
Cash generated from operating activities	2,168	8,783	5,698	13,087
Tax credit received	2	(1)	9	327
Income tax paid	(145)	(92)	(207)	(99)
<b>Net cash generated from operating activities</b>	<b>2,025</b>	<b>8,690</b>	<b>5,500</b>	<b>13,315</b>
<b>Cash flows from investing activities</b>				
Interest received	66	38	115	72
Proceeds from disposal of property, plant and equipment	4	13	25	25
Acquisition of property, plant and equipment	(424)	(907)	(886)	(2,035)
Proceeds from disposal of asset classified as held for sale	-	-	-	180
<b>Net cash used in investing activities</b>	<b>(354)</b>	<b>(856)</b>	<b>(746)</b>	<b>(1,758)</b>
<b>Cash flows from financing activities</b>				
Proceeds from exercise of warrants	37	106	40	1,343
Repayment of loans and borrowings	(199)	(198)	(397)	(396)
Dividends paid in respect of previous year	(1,981)	(2,780)	(1,981)	(2,780)
Interest paid	(9)	(9)	(19)	(19)
<b>Net cash used in financing activities</b>	<b>(2,152)</b>	<b>(2,881)</b>	<b>(2,357)</b>	<b>(1,852)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(481)</b>	<b>4,953</b>	<b>2,397</b>	<b>9,705</b>
Cash and cash equivalents at beginning of period	27,676	20,291	24,804	15,538
Effect of exchange rate fluctuations on cash held	3	4	(3)	5
<b>Cash and cash equivalents at end of period</b>	<b>27,198</b>	<b>25,248</b>	<b>27,198</b>	<b>25,248</b>





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

Amount in \$'000	Share capital	Capital reserve	Retained earnings	Translation reserve	Total equity
<b>The Group</b>					
At 1 January 2016	26,066	9	31,565	6	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	-	-	630	(3)	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>30,214</b>	<b>3</b>	<b>56,332</b>
At 1 January 2015	24,582	75	29,763	(6)	54,414
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	1,250	-	1,250
Other comprehensive income for the period:-					
Foreign currency translation difference from foreign operation	-	-	-	5	5
Total comprehensive income for the period	-	-	1,250	5	1,255
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	1,405	(62)	-	-	1,343
Dividends	-	-	(2,781)	-	(2,781)
Total transactions with owners	1,405	(62)	(2,781)	-	(1,438)
<b>At 30 June 2015</b>	<b>25,987</b>	<b>13</b>	<b>28,232</b>	<b>(1)</b>	<b>54,231</b>
<b>The Company</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>
At 1 January 2015	24,582	75	19,055		43,712
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	411		411
Total comprehensive income for the period	-	-	411		411
<b>Transactions with owners, recorded directly in equity</b>					
<b>Contributions by and distributions to owners</b>					
Shares issued for exercise of warrants	1,405	(62)	-		1,343
Dividends	-	-	(2,781)		(2,781)
Total transactions with owners	1,405	(62)	(2,781)		(1,438)
<b>At 30 June 2015</b>	<b>25,987</b>	<b>13</b>	<b>16,685</b>		<b>42,685</b>

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

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

For the period from 1 April 2016 to 30 June 2016, 3,737,000 Warrants were exercised and converted into 3,737,000 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>2016 2Q</b>	<b>2015 2Q</b>
<b>Issued and paid-up shares</b>		
As at beginning of the period	564,008,100	545,497,700
Shares issued pursuant to exercise of warrants	3,737,000	10,691,400
As at end of the period	<u>567,745,100</u>	<u>556,189,100</u>
<b>Treasury shares</b>	NIL	NIL
<b>Total number of issued shares excluding treasury shares as at end of the period</b>	<u>567,745,100</u>	<u>556,189,100</u>
<b>Total outstanding warrants as at end of the period</b>	<u>15,646,100</u>	<u>27,202,100</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 2016</b>	<b>As at 31 Dec 2015</b>
Total number of shares	567,745,100	563,672,100
Less: Treasury shares	<u>NIL</u>	<u>NIL</u>
Total number of issued shares excluding treasury shares	<u>567,745,100</u>	<u>563,672,100</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.



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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared to the most recent audited financial statements for the year ended 31 December 2015 save for those disclosed in Para 5 below.

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

The following new/amended FRSs have become effective from 1 January 2016:

Amendments to FRSs

- FRS 1 Presentation of Financial Statements
- FRS 16 Property, Plant and Equipment
- FRS 27 Separate Financial Statements
- FRS 28 Investments in Associates and Joint Ventures
- FRS 38 Intangible Assets
- FRS 110 Consolidated Financial Statements
- FRS 111 Joint Arrangements
- FRS 112 Disclosure of interests in other entities

Improvements to FRSs (November 2014)

- FRS 19 Employee Benefit Plans: Employee Contributions
- FRS 105 Non-current Assets Held for Sale and Discontinued Operations

The adoption of the above FRSs (including consequential amendments) does not have any significant impact on the financial statements for the financial period ended 30 June 2016.

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

	Group		Group	
	2Q 2016	2Q 2015	6-MTH 2016	6-MTH 2015
EPS (based on consolidated net profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	0.05	0.04	0.11	0.25
- on fully diluted basis (cents)	0.05	0.04	0.11	0.24
Weighted average number of shares in issue during the period used in computing basic EPS	565,841,722	554,105,556	564,815,172	507,031,594
Weighted average number of shares in issue during the period used in computing diluted EPS	579,043,119	577,907,393	578,016,569	530,833,432

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-*****(a) current financial period reported on; and******(b) immediately preceding financial year***

	Group		Company	
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.92	10.23	7.47	7.80
Number of shares (issued and issuable) used in computing net asset value per ordinary share	567,745,100	563,672,100	567,745,100	563,672,100

**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 ("2Q2016") of S\$20.3 million was 24.0% higher than that in the corresponding prior quarter ("2Q2015") with higher volume of project work completed during the current period under review.



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Cost of sales for 2Q2016 increased in tandem with the higher revenue and higher direct operating cost.

Gross profit of S\$1.4 million is higher than the gross profit in 2Q2015 of S\$1.3 million due to the higher volume of revenue recorded. Gross profit margins of 6.9% for the quarter, however were lower as compared to 7.9% in the corresponding prior period due to the higher cost of sales.

Profit before taxation increased for 2Q2016 to S\$129,000 as compared to S\$65,000 recorded in the corresponding prior quarter. Profit before tax for the current 6-month of S\$0.5 million was lower than the amount of S\$1.0 million recorded in the previous corresponding period ("6-MTH 2015"). The profit before taxation for 6-MTH 2015 was higher due to higher profit recorded in its first quarter.

(ii) Other income

The increase in other income was mainly due to the receipts of Special Employment Credits from the Ministry of Manpower and Wage Credit Scheme payout from IRAS for 2015 and a Capability Development Grant of S\$240K from Spring Singapore.

(iii) Administrative expenses

Administrative expenses for 6-MTH 2016 were lower as compared the prior corresponding period mainly due to the absence of a contribution of S\$100K towards participation in the CII initiative for an integrated approach to Management Practices & Productivity Measurement for the Singapore Chemical Industry.

(iv) Other expenses

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

(v) Finance expenses

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

(vi) Income tax (expense) / credit

The Group recorded a tax credit of S\$124K for the 6-MTH 2016 as compared to a tax credit of S\$285K for the prior corresponding period.

The 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. The tax credit for the corresponding prior period was mainly due to a refund of S\$336K in respect of tax assessment for prior years following the transfers of unutilized tax losses and capital allowances between subsidiaries under the application of group relief.

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

#### ***Group and Company***

(i) Property, plant and equipment

The decrease was mainly due to depreciation expense of S\$1.8 million offset by the acquisition of operating assets of S\$0.9 million to upgrade and enhance the Group's capabilities.



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(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) Investment in subsidiaries

Investment in subsidiaries increased by S\$0.9 million following the additional cash subscription in the share capital of OHM Engineering Pte Ltd ("OHM") as announced on 1 March 2016. The additional investment will empower OHM with greater flexibility to further increase the number and dollar value of projects that it can undertake.

(iv) Inventories and contract work-in-progress

The decrease in contract work-in-progress was mainly due progressive completion of work done on projects.

(v) Trade and other receivables

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

(vii) Loans and borrowings

The decrease in loans and borrowings was mainly due to the repayment of hire purchase instalments. The outstanding amount will be fully re-paid within the current year.

(viii) Trade and other payables

The increase was due to higher volume of expenses incurred toward the end of the quarter and are not due for payment yet.

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

The decrease was due to completion of work under which progress billings were raised.

(x) Deferred tax liabilities and tax payable

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

The tax payable decreased mainly due to settlement of the tax assessment in respect of the prior year.

(xi) Equity

Total equity of the Group decreased from S\$57.6 million as at 31 December 2015 to S\$56.3 million as at 30 June 2016. The decrease was mainly attributed to the payment of dividend of S\$2.0 million in respect of FYT2015 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 of S\$0.1 million 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 3,737,000 warrants have been exercised and the share capital is increased accordingly.



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**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\$38.7 million (as at 30 June 2016) as compared with S\$39.2 million (as at 31 December 2015).

For the 6-MTH period, the net operating cash inflow of S\$5.7 million arose mainly from the profit from operations and realisation of receivables.

The Group's cash balance as at 30 June 2016 was S\$27.2 million, an increase of S\$2.4 million from S\$24.8 million as at 31 December 2015. This is after taking into consideration cash outlay of S\$0.9 million invested to acquire operating assets to further enhance the Group's capabilities and productivity and the payment of dividend of S\$2.0 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 1Q2016 financial performance, the Group has highlighted that its profitability for FY2016 is expected to come under pressure. Due to intense competition and business partners awarding works at lower prices while maintaining or in many instances widening the scope of work. These negative factors, have prevailed into 2Q2016, consequently affecting our financial performance significantly for 1H2016. These negative sentiments are likely to continue and may intensify.

The Group will maintain a prudent approach and be selective in bidding for new jobs or projects and intensify its efforts to explore overseas opportunities, new markets, products and services.

**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 2016 is recommended.

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

Not applicable.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.



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

No interim dividend for the three months ended 30 June 2016 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.

As at the date of this announcement, 152,191,200 warrants had been exercised since the issue of the warrants and a total proceed of about S\$1.52 million was raised and the status of the proceeds is as follow:

	<b>Amount (S\$'000)</b>
Proceeds from warrants conversion	1,522
Purchase of vehicles	(407)
Purchase of equipment	(618)
Purchase of materials and services for operations	(443)
<b>Balance</b>	<b>54</b>



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## b) IPO Proceeds

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

Purpose	Amount raised S\$'000	Change of Use S\$'000	Utilisation			Total Utilised S\$'000	Balance S\$'000
			up to 2015 S\$'000	1st Qtr 2016 S\$'000	2nd Qtr 2016 S\$'000		
To establish a regional presence	4,000	-	(1,790)	(3)	-	(1,793)	2,207
To establish an engineering design centre and upgrade of existing database management system	1,000	-	(621)	(53)	-	(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>(16,311)</b>	<b>(56)</b>	<b>-</b>	<b>(16,367)</b>	<b>2,533</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 2016 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**

**5 August 2016**