Mun Siong Engineering Limited

Condensed Interim Financial Statements for the six months ended 30 June 2024

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group		
	6 months ended 30 June		Incr / (Decr)
	1H2024	1H2023	
	$'000	$'000	%
Revenue	30,339	33,587	(9.7)
Cost of sales	(28,735)	(32,938)	(12.8)
Gross profit	1,604	649	147.1
Other income and recoveries	250	1,136	(78.0)
Administrative expenses	(3,748)	(4,178)	(10.3)
Other operating income/(expenses)	445	(323)	237.8
Share of results of an equity-accounted investee	64	(22)	390.9
Results from operating activities	(1,385)	(2,738)	(49.4)
Finance income	153	92	66.3
Finance costs	(74)	(92)	(19.6)
Loss before tax	(1,306)	(2,738)	(52.3)
Tax expense	(327)	(129)	153.5
Loss after tax	**(1,633)**	**(2,867)**	(43.0)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation difference from foreign operations	(61)	45	(235.6)
Total comprehensive income	**(1,694)**	**(2,822)**	(40.0)
Loss attributable to:			
Owners of the Company	**(1,633)**	**(2,867)**	(43.0)
Non-controlling interest	-	-	-
	(1,633)	**(2,867)**	(43.0)
Total comprehensive income attributable to:			
Owners of the Company	**(1,694)**	**(2,822)**	(40.0)
Non-controlling interest	-	-	-
	(1,694)	**(2,822)**	(40.0)

Earnings per share:		
Basic (SGD in cent)	(0.28)	(0.49)
Diluted (SGD in cent)	(0.28)	(0.49)

B. Condensed interim statements of financial position

	Group		Change	Company (Note 1)		Change
	30 June 24	31 Dec 23	%	30 June 24	31 Dec 23	%
	$'000	$'000		$'000	$'000	
Non-current assets						
Property, plant and equipment	34,566	34,875	(0.9)	20,011	20,792	(3.8)
Investment properties	1,340	1,340	-	1,340	1,340	-
Investment in an equity-accounted investee	726	660	10.0	622	622	-
Subsidiaries	-	-	-	4,223	4,223	-
Other receivables	-	-	-	11,166	11,101	0.6
Total non-current assets	**36,632**	**36,875**	(0.7)	**37,362**	**38,078**	(1.9)
Current assets						
Inventories	74	111	(33.3)	74	111	(33.3)
Contract assets	10,225	6,960	46.9	5,937	4,826	23.0
Trade and other receivables	11,553	21,660	(46.7)	21,247	28,453	(25.3)
Cash and cash equivalents	9,317	9,720	(4.1)	7,084	7,979	(11.2)
Total current assets	31,169	38,451	(18.9)	34,342	41,369	(17.0)
Total assets	**67,801**	**75,326**	(10.0)	**71,704**	**79,447**	(9.7)
Equity						
Share capital	26,254	26,254	-	26,254	26,254	-
Treasury shares	(1)	(30)	(96.7)	(1)	(30)	(96.7)
Share based compensation reserve	(61)	(58)	5.2	(61)	(58)	5.2
Translation reserve	(32)	29	(210.3)	42	65	(35.4)
Retained earnings	23,966	25,831	(7.2)	31,228	32,647	(4.3)
Equity attributable to owners of the Company	**50,126**	**52,026**	(3.7)	**57,462**	**58,878**	(2.4)
Non-controlling interests	-	-	-	-	-	-
Total equity	**50,126**	**52,026**	(3.7)	**57,462**	**58,878**	(2.4)
Non-current liabilities						
Loans and borrowings	1,733	2,451	(29.3)	1,613	2,287	(29.5)
Provisions	555	541	2.6	555	541	2.6
Deferred tax liabilities	1,188	1,069	11.1	1,023	1,023	-
Total non-current liabilities	3,476	4,061	(14.4)	3,191	3,851	(17.1)
Current liabilities						
Trade and other payables	9,257	14,246	(35.0)	6,187	11,823	(47.7)
Contract liabilities	503	380	32.4	503	380	32.4
Provisions	2,597	2,599	(0.1)	2,597	2,599	(0.1)
Loans and borrowings	1,420	1,415	0.4	1,342	1,335	0.5
Tax payable	422	599	(29.5)	422	581	(27.4)
Total current liabilities	14,199	19,239	(26.2)	11,051	16,718	(33.9)
Total liabilities	**17,675**	**23,300**	(24.1)	**14,242**	**20,569**	(30.8)
Total equity and liabilities	**67,801**	**75,326**	(10.0)	**71,704**	**79,447**	(9.7)

NM: Not meaningful

Note 1: The Company level includes Mun Siong Engineering Taiwan Branch's financial results.

C. Condensed interim statements of changes in equity

The Group	Share Capital $'000	Treasury Shares $'000	Share based Compensation Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
2024								
Balance at 1 January	26,254	(30)	(58)	29	25,831	52,026	-	52,026
Loss for the period	-	-	-	-	(1,633)	(1,633)	-	(1,633)
Other comprehensive income	-	-	-	(61)	-	(61)	-	(61)
Dividends paid	-	-	-	-	(232)	(232)	-	(232)
Grant of performance shares to employees	-	29	(3)	-	-	26	-	26
Balance at 30 June	**26,254**	**(1)**	**(61)**	**(32)**	**23,966**	**50,126**	**-**	**50,126**
2023								
Balance at 1 January	26,254	(42)	(55)	79	28,868	55,104	-	55,104
Loss for the period	-	-	-	-	(2,867)	(2,867)	-	(2,867)
Other comprehensive income	-	-	-	45	-	45	-	45
Dividends paid	-	-	-	-	(232)	(232)	-	(232)
Grant of performance shares to employees	-	40	(3)	-	-	37	-	37
Balance at 30 June	**26,254**	**(2)**	**(58)**	**124**	**25,769**	**52,087**	**-**	**52,087**

The Company	Share Capital $'000	Treasury Shares $'000	Share based Compensation Reserve $'000	Translation Reserve $'000	Retained Earnings $'000	Total Equity $'000
2024						
Balance at 1 January	26,254	(30)	(58)	65	32,647	58,878
Loss for the period	-	-	-	-	(1,187)	(1,187)
Other comprehensive income	-	-	-	(23)	-	(23)
Dividends paid	-	-	-	-	(232)	(232)
Grant of performance shares to employees	-	29	(3)	-	-	26
Balance at 30 June	**26,254**	**(1)**	**(61)**	**42**	**31,228**	**57,462**
2023						
Balance at 1 January	26,254	(42)	(55)	88	31,902	58,147
Loss for the period	-	-	-	-	(930)	(930)
Other comprehensive income	-	-	-	(7)	-	(7)
Dividends paid	-	-	-	-	(232)	(232)
Grant of performance shares to employees	-	40	(3)	-	-	37
Balance at 30 June	**26,254**	**(2)**	**(58)**	**81**	**30,740**	**57,015**

D. Condensed interim consolidated statement of cash flows

	Group	
	6 months ended 30 June	
	1H2024	1H2023
Cash flows from operating activities	**$'000**	**$'000**
Loss before tax	(1,306)	(2,738)
Adjustments for:		
Depreciation of property, plant and equipment	1,416	1,654
Interest expense	60	79
Equity-settled share-based payment transactions	26	37
Reversal of impairment loss on contract assets	(15)	(115)
Property, plant and equipment written off	13	-
Unwinding of discount on provision for restoration costs	14	13
Share of results of an equity-accounted investee	(64)	22
Interest income	(153)	(92)
Net loss /(gain) on disposal of property, plant and equipment	6	(42)
Operating cash flow before working capital changes	(3)	(1,182)
Changes in inventories	37	(44)
Changes in contract assets	(3,250)	(7,481)
Changes in trade and other receivables	10,108	(2,478)
Changes in trade and other payables	(4,989)	101
Changes in contract liabilities	123	461
Cash generated from/(used in) operating activities	2,026	(10,623)
Tax paid	(385)	(97)
Net cash generated from/(used in) operating activities	**1,641**	**(10,720)**
Cash flows from investing activities		
Interest received	153	92
Proceeds from disposal of property, plant and equipment	8	99
Acquisition of property, plant and equipment	(931)	(13,405)
Net cash used in investing activities	**(770)**	**(13,214)**
Cash flows from financing activities		
Dividends paid	(232)	(232)
Proceeds from bank loan	-	2,600
Repayment of bank loans	(632)	(619)
Payment of lease liabilities	(75)	(382)
Interest paid	(60)	(74)
Net cash (used in)/generated from financing activities	**(999)**	**1,293**
Net decrease in cash and cash equivalents	**(128)**	**(22,641)**
Cash and cash equivalents at beginning of period	9,720	28,647
Effect of exchange rate fluctuations on cash held	(275)	227
Cash and cash equivalents at end of period	**9,317**	**6,233**

Note: The Group completed its voluntary liquidation of a wholly owned India subsidiary, Pegasus Advance Engineering LLP in April 2024. This liquidation has no financial and cash flow impact as the investment was completely written off in FY2019.

E. Notes to the condensed interim consolidated financial statements

1. Corporate Information

Mun Siong Engineering Pte Ltd (the "Company") was incorporated in Singapore in 1969. It was converted to a public limited company in 2010 when its shares are quoted and traded on the main board of the Singapore Exchange.

The principal activities of the Company, including that of its subsidiaries and equity-accounted investee, are provisions of mechanical engineering, electrical engineering, project management and provision of specialized services to the process industries. Besides this, it is also an investment holding company.

To further the Company's interest in Malaysia, the Group has three entities namely, HIMS Integrated Services Sdn Bhd ("HIMS") (an equity-accounted investee) and Mun Siong Engineering Sdn Bhd, which in turn holds equity interest in Pegasus Advance Engineering Sdn Bhd ("PAE M").

Its business interest in Taiwan started with a branch office ("Branch") located in Kaohsiung, Taiwan. The financials of the Company include the results of the branch office. The Group also has a wholly owned subsidiary in Taiwan, namely Pegasus Advance Industrial Company Limited ("PAI"). PAI is also located in Kaohsiung.

For its US business, the Group set up an entity, Pegasus Industrial Midwest Limited Liability Company ("PIM") in the State of Illinois, USA. PIM is a wholly owned subsidiary of Pegasus Advance Engineering (US) Inc ("PAE US"). PAE US is wholly owned by Pegasus Advance Engineering (Netherlands) BV ("PAE Netherlands") and it is also wholly owned by Pegasus Advance Engineering Pte Ltd ("PAE S"). The Company owns 100% interest in PAE S. PAE S, PAE Netherlands and PAE US principal activities are that of investment holding companies.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively the "Group") and the Group's interest in an equity-accounted investee.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and Amended Standards Adopted by the Group

A number of amendments to the Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2023.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are:

- Revenue recognition: estimate of total contract costs used in determining the percentage of completion (refer to Note 4);
- Impairment of contract assets and trade receivables (refer to Note 6); and
- Impairment of property, plant and equipment (refer to Note 11).

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period. However, it should be noted that shorter working days in a month due to public holidays, for example Chinese New Year and Christmas, do affect the Group's revenue and operating performance.

4. Revenue

	Group	
	6 months ended 30 June	
Revenue	**1H2024**	**1H2023**
	$'000	**$'000**
Revenue from contracts with customers	30,339	33,587

Significant judgements are used to estimate total contract costs to complete. In making these estimates, management has relied on past experiences of completed projects. The estimated total contract costs are reviewed at every reporting period and adjusted, where necessary, with the corresponding effect of change being recognized prospectively from the date of change.

5. Segment and revenue information

The operating segments are reported in a manner consistent with internal reporting provided to the Group's Executive Committee who is responsible for allocating and assessing the performance of the operating segments. The Group's Executive Committee reviews internal management reports on a monthly basis.

There are no change in the reportable segment since FY2023.

Other services provided by the Group have been aggregated under the segment "Mechanical, electrical, instrumentation and others". None of these segments meets any of the quantitative thresholds for determining reportable segments in 1H2024 and 1H2023.

	Group	
	6 months ended 30 June	
Reportable Segments	**1H2024**	**1H2023**
	$'000	**$'000**
External Revenue	30,339	33,587
Interest income	153	92
Miscellaneous income	25	163
Total other income	178	255
Total revenue and other income	30,517	33,842
Depreciation	1,416	1,654
Finance expense	60	79
Segment loss	(1,395)	(2,879)
Unallocated segment profits	25	163
Share of results of an equity-accounted investee	64	(22)
Consolidated loss before tax	(1,306)	(2,738)
Tax expense	(327)	(129)
Earnings for the interim period	(1,633)	(2,867)
Capital expenditures	931	15,040
Total assets for reportable segment	61,882	68,916
Investment properties	1,340	1,300
Investment in equity-accounted investee	726	294
Right-of-use assets	3,853	3,950
Consolidated total assets	67,801	74,460
Total liabilities for reportable segment	16,065	20,847
Current tax payable	422	116
Deferred tax liabilities	1,188	1,410
Consolidated total liabilities	17,675	22,373

Disaggregation of revenue	Group 6 months ended 30 June 1H2024 $'000	1H2023 $'000
Types of services:		
Rendering of services	30,339	33,587
Timing of revenue recognition		
At a point in time	26,949	22,906
Over time	3,390	10,681
	30,339	33,587
Geographical information		
Singapore	19,974	29,308
Indonesia	58	-
Malaysia	4,865	1,643
US	4,570	778
Taiwan	668	1,858
Philippines	204	-
	30,339	33,587

6. Financial Assets and Financial Liabilities

Set up below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023.

	Group		Company	
Financial Assets	30-Jun-24 $'000	31-Dec-23 $'000	30-Jun-24 $'000	31-Dec-23 $'000
At amortised cost				
Trade and other receivables (exclude prepayments)	10,833	21,283	31,984	39,283
Cash and cash equivalents	9,317	9,720	7,084	7,979
	20,150	31,003	39,068	47,262
Financial Liabilities				
At amortised cost				
Trade and other payables	9,257	14,246	6,187	11,823
Bank loans	1,564	2,196	1,564	2,196
	10,821	16,442	7,751	14,019

Provision for expected credit losses ("ECL")

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or financial reorganisation.

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

As at 31 December 2022, the Group had provided a provision for impairment on contract assets of $1,057,000 (equivalent to RM3,461,000). These contract assets relate to purchase orders issued by PRefchem (a Petronas and Aramco associated entity) prior to 1 April 2022 and these completed jobs were waiting for PRefchem to accept performance of work (carried out by PAE M) and to issue the final billings instructions. It was finally agreed among all parties: PRefchem, Highbase Strategic Sdn Bhd, HIMS and PAE M, that these outstanding contract assets will be assigned directly to HIMS and PRefchem will pay directly to HIMS and HIMS will subsequently pay PAE M.

From 1 January 2023 to 30 June 2024, the PAE M had received payments (reversal or write back of impairment of contract assets) amounting to $869,000 (equivalent to RM3,035,000); representing 87.7% of the total impaired amount. As at 30 June 2024, the impairment of contract assets stood at $123,000 or 12.3% (equivalent to RM426,000). PAE M is currently waiting for PRefchem to approve these amounts before proceeding with billings.

The Group's impairment for contract assets and trade receivables balances as at the respective periods were:

	30 Jun 2024	31 Dec 2023	Remarks
	$'000	$'000	
Impairment for contract assets	123	137	Wrote back (reversal) impairment of $15,000 in the period under review due to collections received from PRefchem.
Impairment for trade receivables	38	38	
	161	175	

7. Profit/(Loss) Before Income Tax

7.1. Significant Items

	Group		
	6 months ended 30 June		Incr/ (Decr)
	1H2024	1H2023	
	$'000	$'000	%
Depreciation	1,416	1,654	(14.4)
Net loss/(gain) on disposal of property, plant and equipment	6	(42)	(114.3)
Equity-settled share-based payment transactions	26	37	(29.7)
Reversal on impairment loss on contract assets	(15)	(115)	(87.0)
Property, plant and equipment written off	13	-	NM
Net foreign exchange (gain)/loss	(377)	323	(216.7)
Finance (income)/expenses:			
Interest income	(153)	(92)	66.3
Interest on bank loans	19	37	(48.6)
Interest on lease liabilities	41	42	(2.4)
Unwinding of discount on provision for restoration costs	14	13	7.7
Under / (over) provision of tax in respect of prior years	117	53	120.8

NM: not meaningful

7.2. Related Party Transactions

	Group	
	6 months ended 30 June	
	1H2024	1H2023
	$'000	$'000
Income/(expense)		
Equity-accounted investee		
Revenue from contract (rendering of services)	3,975	1,643
Management fees paid	(56)	(21)
Transactions with key management personnel		
- Directors' fees	(74)	(58)
- Short-term employee benefits	(951)	(881)

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June	
	1H2024	1H2023
	$'000	$'000
Current tax expense		
Current year	91	76
Under / (over) provision in respect of prior years	117	53
Deferred tax expense / (credit)		
Origination and reversal of temporary differences	119	-
Total tax expense	327	129

9. Dividends

No interim dividends for the first half ended 30 June 2024 (30 June 2023: $Nil) is recommended. No dividends have been declared or recommended, as in line with the previous financial year practice, proposed dividends are declared on a full financial year basis.

10. Net Asset Value

	Group		Company	
	30 June 2024	31 Dec 2023	30 June 2024	31 Dec 2023
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	8.62	8.96	9.88	10.14
Number of shares (issued and issuable) used in computing net asset value per ordinary share	581,512,400	580,712,400	581,512,400	580,712,400

11. Property, Plant and Equipment

	Group	
	6 months ended 30 June	
	1H2024	1H2023
	$'000	$'000
Acquisition		
Property, plant and equipment	931	15,040
Rights of use assets	-	1,436
	931	16,476
Disposal and Write off		
Property, plant and equipment	(27)	(57)
Rights of use assets	-	-
	(27)	(57)

For the period under review, the Group's market capitalisation is lower than its net assets as at 30 June 2024. The Group performed an impairment assessment of its property, plant and equipment by determining the recoverable amount based on the value in use. This assessment requires significant judgement and takes into account past performances, management's expectation of market developments, future cash flows and discount rates. The recoverable amount could change significantly, as a result of changes, in market conditions and the assumptions used in determining the recoverable amount. Management assessed that no impairment losses were necessary for the period ended 30 June 2024.

The Group does not have any outstanding capital commitments as at 30 June 2024 (31 December 2023: $Nil).

12. Investment Properties

The Group's investment properties consist of commercial properties, held for long-term rental yields and capital appreciation and are not occupied by the Group. They are leased to unrelated third parties under operating leases.

	Group and Company	
	2024	**2023**
Investment Properties	**$'000**	**$'000**
At 1 January	1,340	1,300
Fair value gain/(loss)	-	-
At 30 June	1,340	1,300

Valuation

The Group engages external independent and qualified valuers to determine the fair value of the Group's investment properties at the end of each financial year. The fair value measurement for all the investment properties has been categorized as a Level 2 fair value based on direct comparison method.

For the six months ended 31 December 2023, the Group recognized a fair value gain of $40,000 on the investment properties.

For the period ended 30 June 2024, the Group did not engage an independent valuer to determine the fair value. However, management had taken into considerations those underlying factors that would have made impact to the fair value of the investment properties since the last valuation done in December 2023, including any tenant changes, assessing market rentals etc. For the period ended 30 June 2024, management assessed that there were no changes in the fair value of the investment properties.

13. Loans and Borrowings

	Group		Company	
	30 June 2024	31 Dec 2023	30 June 2024	31 Dec 2023
	$'000	$'000	$'000	$'000
Amount repayable within one year				
Lease liabilities (secured)	137	145	59	65
Bank loans				
-secured	-	-	-	-
-unsecured	1,283	1,270	1,283	1,270
	1,420	1,415	1,342	1,335
Amount repayable after one year				
Lease liabilities (secured)	1,452	1,525	1,332	1,361
Bank loans				
-secured	-	-	-	-
-unsecured	281	926	281	926
	1,733	2,451	1,613	2,287
Total loans and borrowings	3,153	3,866	2,955	3,622

The secured borrowings (including lease liabilities) are secured against the respective operating assets and right-of-use assets.

In 2020, the Company drew down a loan amounting to $5.0 million, that was part of the Singapore government support given to local enterprises in response to the Covid-19 pandemic ("Temporary Bridging Loan"). The loan is unsecured, for a tenor of 5 years (ending August 2025) and is repayable on a monthly basis. Interest payments commenced in August 2020 and principal repayments commenced in August 2021. The loan carries fixed interest rates of between 2.0% and 2.1% per annum. This is significantly below the Group's current borrowing cost. The total outstanding loan as at 30 June 2024 was $1,564,000 (31 December 2023: $2,196,000), in which the amount repayable within one year and after one year was $1,283,000 (31 December 2023: $1,270,000) and $281,000 (31 December 2023: $926,000) respectively.

The Group did not draw down any short-term loans (including loan from executive chairlady/controlling shareholder) in the first half of 2024. For the loan from executive chairlady/controlling shareholder, please refer to announcement made on 28 February 2024 – Entry into revolving facility agreements (SGD1.5 million and RM1.0 million) with Executive Chairlady and Controlling Shareholder as an Interested Person Transaction.

No outstanding short-term loans (including loan from controlling shareholder) as at 30 June 2024 (31 December 2023: $Nil; 30 June 2023: $2.6 million).

In the first half of 2023, the Group drew down unsecured one-month short term loan of $2.6 million at interest rate of 5.27% per annum. This loan was used to finance the Group's working capital purposes.

14. Share Capital

	Group and Company			
	As at 30 June 2024		As at 31 Dec 2023	
	Number of shares	Amount	Number of shares	Amount
	'000	$'000	'000	$'000
Issued and paid-up share capital				
As at beginning and end	581,546	26,254	581,546	26,254
Treasury shares				
As at 1 January	834	30	834	42
Purchase of treasury shares	-	-	800	28
Reissuance of treasury shares pursuant to share plan	(800)	(29)	(800)	(40)
As at the end	34	1	834	30

The total number of issued shares excluding treasury shares as at 30 June 2024 was 581,512,400 (31 December 2023: 580,712,400).

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

15. Subsequent Event

There are no known subsequent events, as at the date of this announcement, which have led to adjustments to this set of interim financial statements.

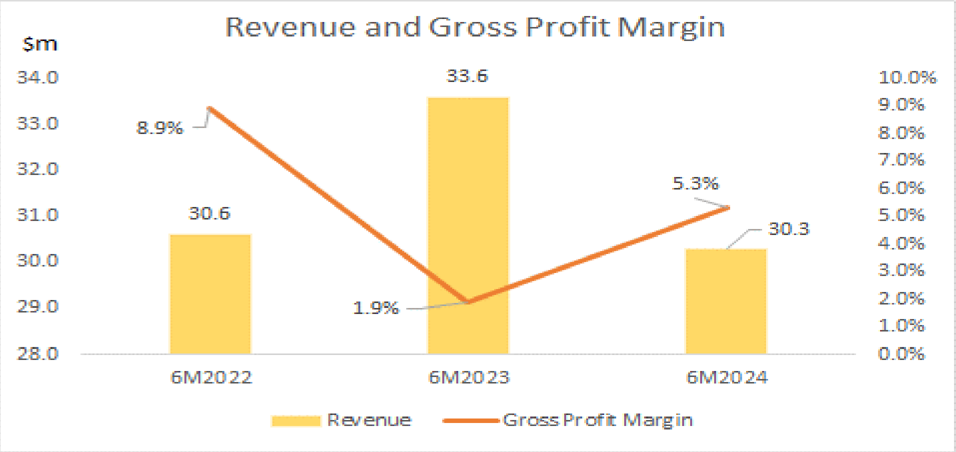
F. Other Information Required by Listing Rule Appendix 7.2

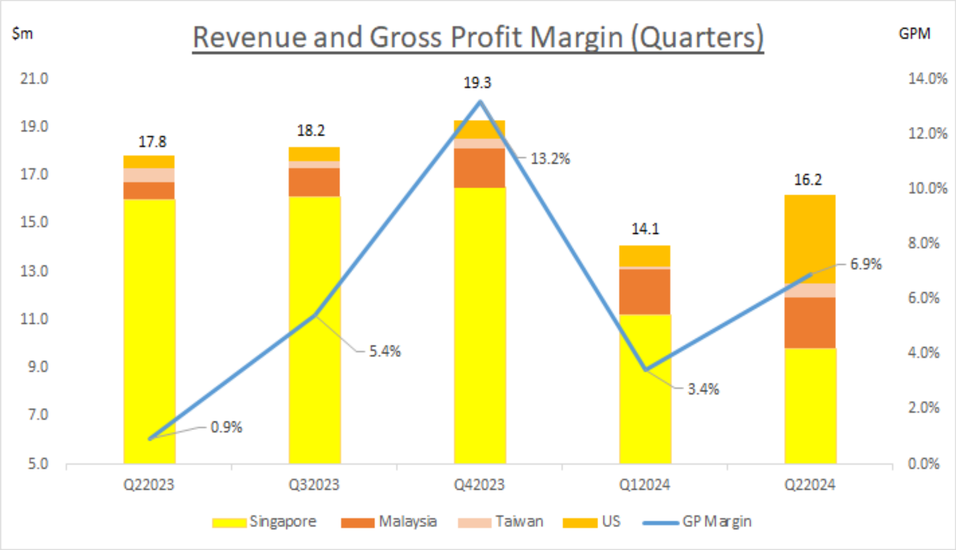
1. Whether the figures have been audited or reviewed

The condensed consolidated statement of financial position of Mun Siong Engineering Ltd and its related companies as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Revenue and Profitability





	1H2024		1H2023		Variance	
Operations	$'000		$'000		$'000	%
Singapore	21,034	69.3%	29,308	87.3%	(8,274)	-28.2%
Malaysia	4,067	13.4%	1,643	4.9%	2,424	147.5%
Taiwan	668	2.2%	1,859	5.5%	(1,191)	-64.1%
US	4,570	15.1%	778	2.3%	3,792	487.4%
	30,339	100.0%	33,588	100.0%	(3,249)	-9.7%

The Group achieved revenue of $30.3 million and $33.6 million for the period ended 30 June 2024 ("1H2024") and period ended 30 June 2023 ("1H2023") respectively. In the period under review, there were higher volume of work activities at the Malaysia and US operations. In aggregate, they contributed to 28.5% of the Group's revenue (1H2023: 7.2%) in the current period.

Please see below for explanation on the decline in Singapore Operations revenue of $8.3 million or 28.2% in the current period.

Cost of sales declined by $4.2 million or 12.8% from $32.9 million (1H2023) to $28.7 million (1H2024). The decline in the cost of sales was in line with the decline in revenue. There was also better management of resources (manpower and equipment) in the current period.

Gross profit and gross profit margin for 1H2024 were $1.6 million (1H2023: $0.6 million) and 5.3% (1H2023: 1.9%) respectively.

Singapore operations

The Singapore Operations registered revenue of $21.0 million in 1H2024 as compared to a revenue of $29.3 million in 1H2023; a decline of revenue of $8.3 million or 28.2%. It registered both positive gross profits and gross profit margins in both periods. Comparing the gross profit margins in both periods, the current period's gross profit margin decreased by 0.9% - mainly due to the decline in revenue.

The decline in revenue of $8.3 million were mainly due to lesser volume of work activities arising from:

(1) a significant business partner announced on 8 May 2024 that they have sold their plants and facilities at Bukom to a group comprising an Indonesian party and a global commodity trading company. Work at their plants and facilities (which we are the long-term maintenance service provider) were reduced significantly; and

(2) Business partners have deferred their work orders from 1H2024 to 2H2024.

Malaysia Operations

There were more job activities during 1H2024 due to the shutdown of different sections at the Pengerang facilities. It registered positive gross profits and margins in both periods. The higher volume of work defrayed our fixed operating cost resulting in both higher gross profit and gross profit margin in the current period.

Taiwan Operations

In the current period, our wholly owned subsidiary PAI, is gradually executing smaller job orders from different industries. PAI, a newly incorporated company, is working towards establishing an operating track record which is necessary for it to qualify for higher dollar value jobs.

It continued to register gross loss in 1H2024 (registered gross profit in 1H2023) as the current small job orders were unable to fully defray fixed costs.

US operations

PIM successfully completed its maiden Turnaround project (a business partner that operates a facility with a capacity of 270,000 barrels per day) in May 2024. It registered revenue of $4.6 million in 1H2024 (1H2023: $0.8 million). The profitability of this project reversed PIM from a gross loss in the previous period to a gross profit in the current period.

Other income and recoveries (decreased by $0.9 million or 78.0%)

The decrease is due to:

- The Group sold less scrap in 1H2024 as compared to 1H2023; and

- In 1H2023, we received rental income from a sub-tenant at 26 Gul Way. In 1H2024, this premise is wholly occupied by us.

Administration expenses (decreased by $0.4 million or 10.3%)

The Group incurred lesser administration expenses in the current period due to the absence of costs (such as security and reinstatement) pertaining to our old yard at 35 Tuas Road. The Singapore operations moved out of the old yard at the end of June 2023 and the property was returned to the lessor - Jurong Town Corporation.

Other Operating Income / (Expenses) (increased by $0.8 million or 237.8%)

We incurred mostly unrealized exchange losses in 1H2023 as compared to an unrealized exchange gain in 1H2024.

Share of results of an equity accounted investee (49% interest in HIMS) (increased by $86,000 or 390.9%)

The Group recognized its share of profit of $64,000 in the 1H2024 as compared to share of losses of $22,000 in1H2023.

Finance Income (increased by $61,000 or 66.3%)

Unlike 1H2023, in 1H2024 the Group had surplus cash balances over working capital needs, these surpluses were placed in interest bearing deposits.

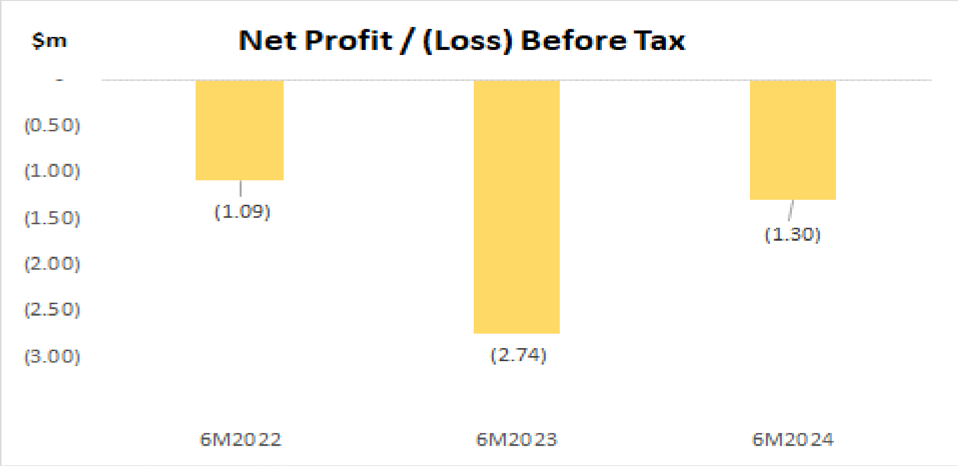
Finance costs (decreased by $18,000 or 19.6%)

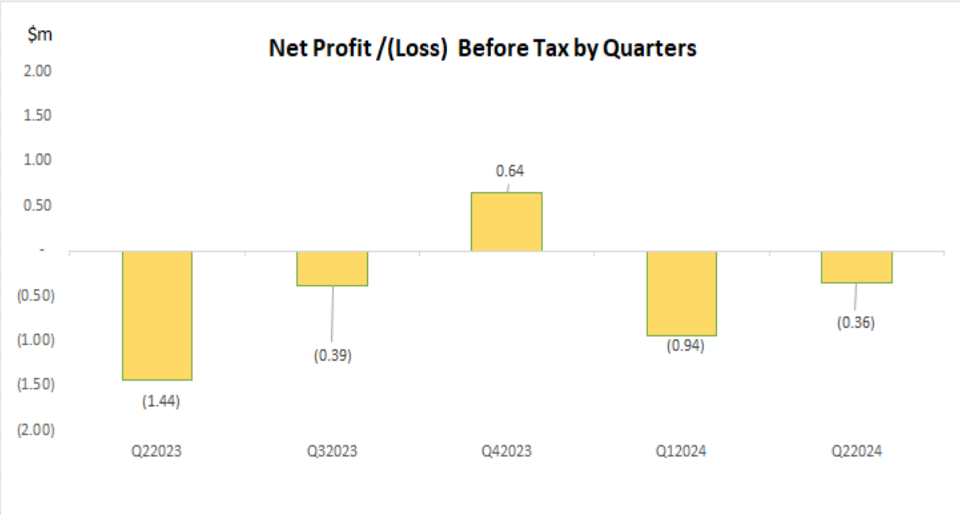
The monthly repayment of the temporary bridging loan – drawn down in August 2020 and to be fully repaid in August 2025 – resulting in a lower principal outstanding, interest expenses being reduced. For more details, please see note 13.

Tax Expense (increased by $198,000 or 153.5%)

The higher tax expenses were due to (i) certain expenses accrued for however not incurred resulting in higher taxable income and (ii) additional provision for deferred tax liability for the period under review.

Current year performance





The Group incurred a net loss before tax of $1.3 million in the current period (1H2023: net loss before tax of $2.7 million).

Unlike 1H2023, where PIM (US operations) incurred substantially the Group's operating losses - $1.3 million, in 1H2024 PIM narrowed its operating losses significantly to $0.2 million. Operating profits from the Malaysia operations, although significant but insufficient to cover the losses incurred by both the Singapore operations and Taiwan operations. Losses incurred by the former arose from lesser volume of work activities. Taiwan operations continue to secure small value works that are unable to fully absorb its fixed operating costs.

The Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") for 1H2024 and 1H2023 were positive $0.1 million and negative $1.0 million respectively.

Review of statements of financial position

(i) Property, plant and equipment (Group decreased by $0.3 million / Company decreased by $0.8 million)

Property, plant and equipment include the rights of use assets and reinstatement.

During the period under review, the Group added $0.9 million to fixed assets. This addition and the translation difference of $0.2 million was offset by the depreciation costs of $1.4 million.

At the Company level, the addition of fixed assets of $0.2 million was offset by the depreciation costs of $1.0 million.

(ii) Investment in subsidiaries

During the period under review, the Group completed its voluntary liquidation of its wholly owned India subsidiary, Pegasus Advance Engineering LLP. The cost of investment of $75,000, was written off previously in FY2019.

(iii) Contract assets (Group increased by $3.3 million / Company increased by $1.1 million)
Contract liabilities (Group/Company increased by $0.1 million)

	30 June 2024	31 December 2023	Variance
	$'000	$'000	$'000
Contract assets	10,348	7,097	3,251
Less impairment for contract assets	(123)	(137)	14
Net contract assets	10,225	6,960	3,265

The increase in contract assets of $3.3 million was due to timing of billings. Like last year, our business partners are taking longer time to approve our completed work orders.

PRefchem (PAE M's key business partner) approval process now requires new additional documentation to be submitted. This increases the contract assets balances in the period under review.

Please refer to Note 6 for more details on the impairment of contract assets. The balance of $123,000, the Group believes the amount will be recoverable (written back) by 31 December 2024.

At the Company level, the increase in contract assets of $1.1 million was mainly due to timing of billings.

As at 30 June 2024, the Group and Company received advances from customers (contract liabilities) of $0.5 million for some of its projects as compared to $0.4 million as at 31 December 2023.

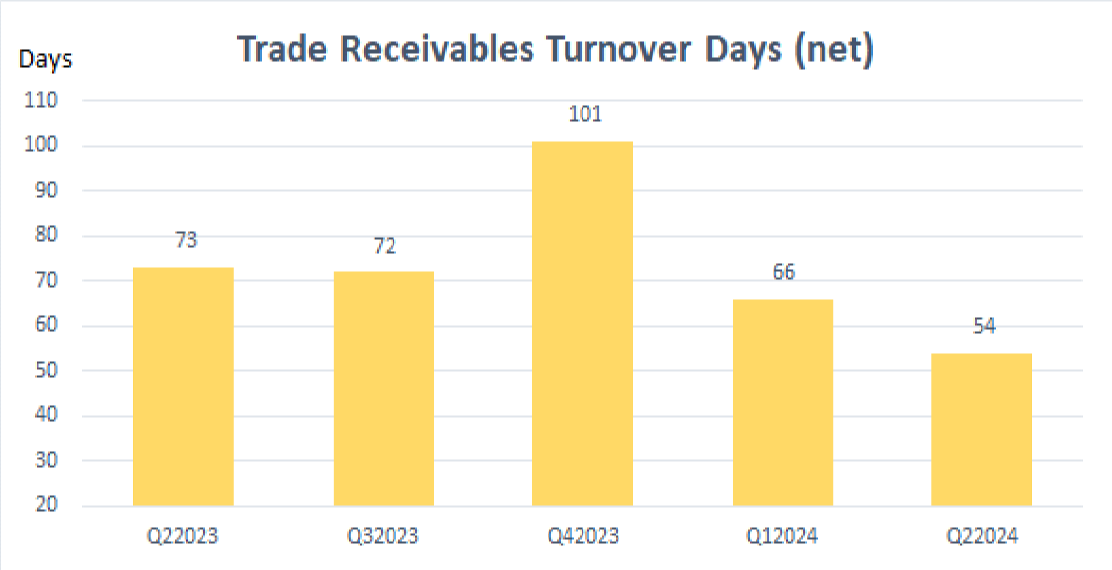
(iv) Trade and other receivables (Group level decreased by $10.1 million/ Company level decreased by $7.2 million)

Group

Trade receivable balances as at 30 June 2024 and 31 December 2023 were $9.0 million and $19.6 million respectively. The decrease of $10.6 million was mainly due to the conversion of trade receivables into cash.

Other receivables (deposits and prepayments) as at 30 June 2024 and 31 December 2023 were $2.5 million and $2.0 million respectively. The increase of $0.5 million was due to advance payments for materials that will be used in projects in the 2H2024. In addition, there was also an increase in dormitories deposits upon renewal of leases due to higher room rates.

As at 26 July 2024, $3.3 million or 36.4 % of the trade receivables as at 30 June 2024 had been converted into cash. No impairment was deemed necessary for the remaining outstanding trade receivables.



As at 30 June 2024, the trade receivables turnover days of 54 days was due to slower billings; resulting in lower trade receivable balances.

At the Company level, the trade and other receivables balances were $21.2 million and $28.5 million as at 30 June 2024 and 31 December 2023 respectively. The decrease of $7.3 million were due to:

(a) decrease in trade receivables balances of $11.9 million – mainly due to conversion of trade receivables into cash;

(b) increase of $4.3 million for amount due from entities within the Group – additional fundings to support the various subsidiaries' working capital; and

(c) increase in other receivables of $0.3 million as per above explanation (advance payment for materials and dormitories deposits).

(v) Loans and Borrowings (Group and Company: decreased by $0.7 million)

Loans and borrowings comprise the temporary bridging loan, short term loan, hire purchase and lease liabilities. Refer to Note 13 for further breakdown of the loans and borrowings (including loan from the executive chairlady/controlling shareholder).

The Group and Company did not draw down any short-term loans (including those extended by the executive chairlady/controlling shareholder) for the period under review.

The Group repaid $0.6 million of the temporary bridging loan and reduced its lease liabilities by $0.1 million during the period under review.

As at 30 June 2024, our gross debt to shareholder's funds ratio was 6.3% (31 December 2023: 7.4% and 30 June 2023: 14.3%).

(vi) Trade and other payables (Group decreased by $5.0 million and Company decreased by $5.6 million)

The decrease was mainly due to the timing of payments to trade payables.

(vii) Tax payable (Group and Company decreased by $0.2 million)

The decrease was mainly due to the timing of tax payments.

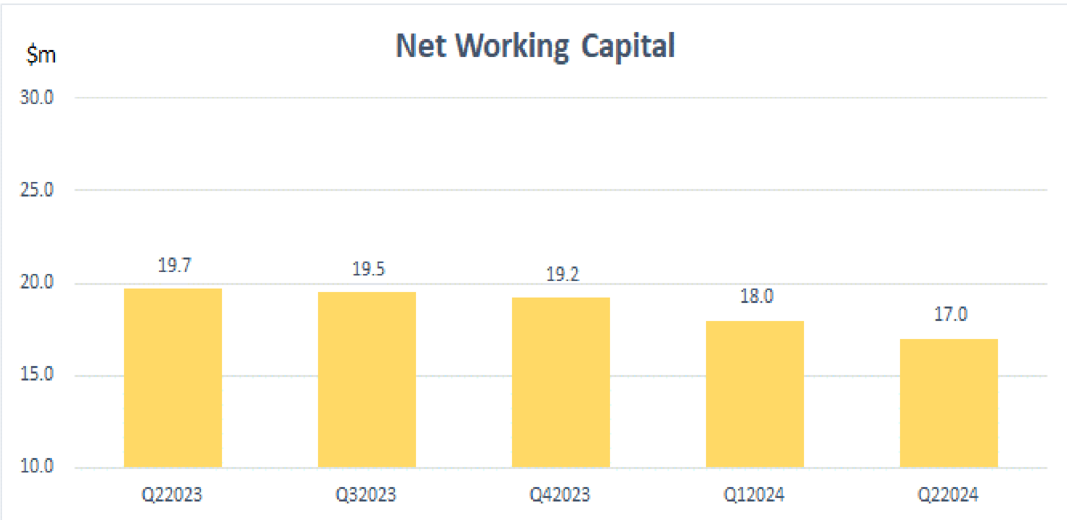
(viii) Deferred Tax liabilities (Group increased by $0.1 million)

The Group increased the deferred tax liabilities by $0.1 million for the period under review.

Review of cash flow statement

The Group reported cash balances of $9.3 million as at 30 June 2024 (31 December 2023: $9.7 million). The decline in cash balances of $0.4 million were due to:

	$ million
Net cash from operating activities	1.6
Net cash used in investing activities	(0.8)
Net cash used in financing activities	(1.0)
Exchange rate fluctuations	(0.2)
Net decrease in cash balances	(0.4)



At the Group and Company level, there was a decrease in cash balances of $0.4 million and $$0.9 million respectively.

Net working capital (current assets less current liabilities) was positive for both levels as at 30 June 2024 - Group ($17.0 million) and Company ($23.3 million). Compared to that as at 31 December 2023, there was slight deterioration - Group ($19.2 million) and Company ($24.6 million).

3. 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.

4. 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 operating period and the next 12 months

Operating losses in FY2023 were substantially attributed to PIM (US operations) and lesser extent PAI (Taiwan operations) - $2.7 million and $0.6 million respectively. PIM was able to narrow its operating losses significantly from $1.3 million in 1H2023 to $0.2 million in the current period. However, PAI, due to the lack of high dollar value jobs, continue to incur operating losses. Efforts are made to seek opportunities, including those outside of the oil and gas industries.

Gaining traction from the recent completed turnaround (a plant with 270,000 barrels per day processing capacity), PIM is currently in discussions with another plant operator (with 450,000 barrels per day processing capacity) to execute a turnaround in the 2H2024. To-date PIM has yet to receive any commitment from this plant operator, however, discussions are encouraging. PIM is an approved vendor to both plants, since commencement of operations, and their sizable processing capacity provides recurring opportunities.

Business partners in Singapore are currently reviewing the renewal of their long-term maintenance contracts with us. Recent years, steep escalation in costs and government policies to limit the employment of foreign workers, has made our commitments and managing costs challenging. Although the Group sees advantages in continuing to provide these services, the Group will continue to balance the economic benefit against costs (operating and opportunity cost) and risks (business and financial).

Although the Malaysian operations in 1H2024 achieved significant profits however it was insufficient to outweigh the losses in both the Singapore and Taiwan operations. We will continue efforts in engaging PRefchem in Pengerang to seek further opportunities.

5. Dividend Information

No dividend has been declared or recommended for the period ended 30 June 2024. This is in line with previous financial year practice that proposed dividends are declared on a full financial year basis.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

The aggregate value of the interested person transaction during the 1H2024 was as follows:-

Name of Interested Person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
	Total value of the transaction	**Total value of the transaction**
	$'000	**$'000**
The Company did not borrow any loan from Executive Chairlady / Controlling Shareholder * in the first half of 2024	Nil	Nil

*Please refer to the announcement dated 28 February 2024 and note 13 for more details.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Cheng Woei Fen
Executive Chairlady

Quek Kian Hui
Executive Deputy Chairman & Chief Executive Officer

8 August 2024