



## **Mun Siong Engineering Limited**

Condensed interim financial statements for the six months  
ended 30 June 2021



**MUN SIONG ENGINEERING LIMITED**

(Incorporated in the Republic of Singapore)  
(Company registration number: 196900250M)

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# MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)  
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## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Group		Incr / (Decr)  %
	YTD ended 30 June		
	6MTH 2021	6MTH 2020	
	\$'000	\$'000	
Revenue	30,589	22,122	38.3
Cost of sales	(30,310)	(21,116)	43.5
Gross profit	279	1,006	(72.3)
Other income and recoveries	1,504	320	370.0
Administrative expenses	(2,101)	(3,070)	(31.6)
Other operating income /(expenses)	121	440	(72.5)
Share of results of an equity-accounted investee	1	2	(50.0)
<b>Results from operating activities</b>	(196)	(1,302)	(84.9)
Finance income	34	119	(71.4)
Finance costs	(79)	(16)	393.8
<b>Profit / (Loss) before income tax</b>	(241)	(1,199)	(79.9)
Tax credit /(expense)	(322)	(125)	157.6
<b>Profit / (Loss) after income tax</b>	<b>(563)</b>	<b>(1,324)</b>	(57.5)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation difference from foreign operations	30	60	(50.0)
<b>Total comprehensive income /(loss)</b>	<b>(533)</b>	<b>(1,264)</b>	(57.8)
<b>Profit / (Loss) attributable to:</b>			
Owners of the Company	(554)	(1,315)	(57.9)
Non-controlling interest	(9)	(9)	-
	<b>(563)</b>	<b>(1,324)</b>	(57.5)
<b>Total comprehensive income /(loss) attributable to:</b>			
Owners of the Company	(524)	(1,255)	(58.2)
Non-controlling interest	(9)	(9)	-
	<b>(533)</b>	<b>(1,264)</b>	(57.8)

**Earnings per share for profit/(loss) for the period attributable to the owners of the Company during the year:**

Basic (SGD in cent)	(0.10)	(0.23)
Diluted (SGD in cent)	(0.10)	(0.23)

NM: Not meaningful



# MUN SIONG ENGINEERING LIMITED

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## B. Condensed interim statements of financial position

	Group		Change %	Company (Note 1)		Change %
	30 June 21 \$'000	31 Dec 20 \$'000		30 June 21 \$'000	31 Dec 20 \$'000	
<b>Non-current assets</b>						
Property, plant and equipment	18,652	16,357	14.0	16,203	16,080	0.8
Intangible asset	-	-	-	-	-	-
Goodwill on consolidation	-	-	-	-	-	-
Investment properties	1,205	1,205	-	1,205	1,205	-
Investment in an equity-accounted investee	322	244	32.0	323	240	34.6
Subsidiaries	-	-	-	2,828	2,828	-
<b>Total non-current assets</b>	<b>20,179</b>	<b>17,806</b>	<b>13.3</b>	<b>20,559</b>	<b>20,353</b>	<b>1.0</b>
<b>Current assets</b>						
Inventories	193	193	-	193	193	-
Contract assets	10,184	10,002	1.8	9,927	9,699	2.4
Trade and other receivables	12,257	14,127	(13.2)	14,588	15,323	(4.8)
Cash and cash equivalents	35,310	37,737	(6.4)	33,091	33,350	(0.8)
<b>Total current assets</b>	<b>57,944</b>	<b>62,059</b>	<b>(6.6)</b>	<b>57,799</b>	<b>58,565</b>	<b>(1.3)</b>
<b>Total assets</b>	<b>78,123</b>	<b>79,865</b>	<b>(2.2)</b>	<b>78,358</b>	<b>78,918</b>	<b>(0.7)</b>
<b>Equity</b>						
Share capital	26,254	26,254	-	26,254	26,254	-
Treasury shares	(65)	(92)	(29.3)	(65)	(92)	(29.3)
Share based compensation reserve	(39)	(34)	14.7	(39)	(34)	14.7
Translation reserve	64	34	88.2	75	40	87.0
Retained earnings	27,617	28,403	(2.8)	27,191	28,225	(3.7)
<b>Equity attributable to owners of the Company</b>	<b>53,831</b>	<b>54,565</b>	<b>(1.3)</b>	<b>53,416</b>	<b>54,393</b>	<b>(1.8)</b>
Non-controlling interests	-	9	(100.0)	-	-	-
<b>Total equity</b>	<b>53,831</b>	<b>54,574</b>	<b>(1.4)</b>	<b>53,416</b>	<b>54,393</b>	<b>(1.8)</b>
<b>Non-current liabilities</b>						
Loans and borrowings	4,556	5,462	(16.6)	4,529	5,417	(16.4)
Provisions	1,276	1,264	0.9	1,276	1,264	0.9
Deferred tax liabilities	1,620	1,568	3.3	1,620	1,561	3.8
<b>Total non-current liabilities</b>	<b>7,452</b>	<b>8,294</b>	<b>(10.2)</b>	<b>7,425</b>	<b>8,242</b>	<b>(9.9)</b>
<b>Current liabilities</b>						
Trade and other payables	13,084	13,776	(5.0)	13,962	13,169	6.0
Contract liabilities	1,278	1,243	2.8	1,212	1,243	(2.5)
Provisions	462	504	(8.3)	462	504	(8.3)
Loans and borrowings	1,599	986	62.2	1,558	937	66.3
Tax payable	417	488	(14.5)	324	430	(24.7)
<b>Total current liabilities</b>	<b>16,840</b>	<b>16,997</b>	<b>(0.9)</b>	<b>17,517</b>	<b>16,283</b>	<b>7.6</b>
<b>Total liabilities</b>	<b>24,292</b>	<b>25,291</b>	<b>(4.0)</b>	<b>24,942</b>	<b>24,525</b>	<b>1.7</b>
<b>Total equity and liabilities</b>	<b>78,123</b>	<b>79,865</b>	<b>(2.2)</b>	<b>78,358</b>	<b>78,918</b>	<b>(0.7)</b>

NM: Not meaningful

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



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## c. Condensed interim statements of changes in equity

	Share Capital	Treasury Shares	Share based Compensation Reserve	Translation Reserve	Retained Earnings	Total	Non- Controlling Interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>								
<b>The Group</b>								
Balance at 1 January	26,254	(92)	(34)	34	28,403	54,565	9	54,574
Profit / (loss)	-	-	-	-	(554)	(554)	(9)	(563)
Other comprehensive income / (loss)	-	-	-	30	-	30	-	30
Dividends paid	-	-	-	-	(232)	(232)	-	(232)
Grant of performance shares to employees	-	43	(5)	-	-	38	-	38
Purchase of treasury shares	-	(16)	-	-	-	(16)	-	(16)
<b>Balance at 30 June</b>	<b>26,254</b>	<b>(65)</b>	<b>(39)</b>	<b>64</b>	<b>27,617</b>	<b>53,831</b>	<b>-</b>	<b>53,831</b>
<b>2020</b>								
<b>The Group</b>								
Balance at 1 January	26,254	(138)	(17)	(1)	29,001	55,099	10	55,109
Profit / (loss)	-	-	-	-	(1,315)	(1,315)	(9)	(1,324)
Other comprehensive income / (loss)	-	-	-	60	-	60	-	60
Dividends paid	-	-	-	-	-	-	-	-
Grant of performance shares to employees	-	55	(17)	-	-	38	-	38
Purchase of treasury shares	-	-	-	-	-	-	-	-
<b>Balance at 30 June</b>	<b>26,254</b>	<b>(83)</b>	<b>(34)</b>	<b>59</b>	<b>27,686</b>	<b>53,882</b>	<b>1</b>	<b>53,883</b>
	Share Capital	Treasury Shares	Share based Compensation Reserve	Translation Reserve	Retained Earnings	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>2021</b>								
<b>The Company</b>								
Balance at 1 January	26,254	(92)	(34)	40	28,225	54,393		
Profit / (loss)	-	-	-	-	(802)	(802)		
Other comprehensive income / (loss)	-	-	-	35	-	35		
Dividends paid	-	-	-	-	(232)	(232)		
Grant of performance shares to employees	-	43	(5)	-	-	38		
Purchase of treasury shares	-	(16)	-	-	-	(16)		
<b>Balance at 30 June</b>	<b>26,254</b>	<b>(65)</b>	<b>(39)</b>	<b>75</b>	<b>27,191</b>	<b>53,416</b>		
<b>2020</b>								
<b>The Company</b>								
Balance at 1 January	26,254	(138)	(17)	4	28,695	54,798		
Profit / (loss)	-	-	-	-	(1,516)	(1,516)		
Other comprehensive income / (loss)	-	-	-	60	-	60		
Dividends paid	-	-	-	-	-	-		
Grant of performance shares to employees	-	55	(17)	-	-	38		
Purchase of treasury shares	-	-	-	-	-	-		
<b>Balance at 30 June</b>	<b>26,254</b>	<b>(83)</b>	<b>(34)</b>	<b>64</b>	<b>27,179</b>	<b>53,380</b>		


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**D. Condensed interim consolidated statement of cash flows**

	<b>Group</b>	
	<b>YTD ended 30 June</b>	
	<b>6MTH 2021</b>	<b>6MTH 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit / (Loss) before income tax	(241)	(1,199)
Adjustments for:		
Depreciation	1,649	2,021
Interest expense	66	10
Equity settled share-based payment transactions	38	38
Unwinding of discount on provision for restoration costs	13	6
Write back provision for onerous contracts	(42)	-
Write back provision for doubtful debts	-	(155)
Interest income	(34)	(119)
Net (gain) / loss on disposal of property, plant and equipment	-	(1)
Share of results of an equity-accounted investee	(1)	(2)
Operating cash flow before working capital changes	1,447	598
Changes in inventories	-	-
Changes in contract assets	(183)	8,757
Changes in trade and other receivables	814	8,154
Changes in financial assets, at fair value through profit and loss	-	(994)
Changes in trade and other payables	(704)	(5,651)
Changes in contract liabilities	35	238
Cash (used in)/generated from operating activities	1,410	11,102
Income tax (paid) / refund	(339)	(64)
<b>Net cash (used in)/generated from operating activities</b>	<b>1,070</b>	<b>11,038</b>
<b>Cash flows from investing activities</b>		
Interest received	34	119
Investment in an equity-accounted investee	(82)	(82)
Proceeds from disposal of property, plant and equipment	-	1
Acquisition of property, plant and equipment	(2,879)	(915)
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,927)</b>	<b>(877)</b>
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	(16)	-
Dividends paid	(232)	-
Payment of lease liabilities	(287)	(284)
Interest paid	(62)	(10)
<b>Net cash (used in)/generated from financing activities</b>	<b>(597)</b>	<b>(293)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,453)</b>	<b>9,868</b>
Cash and cash equivalents at beginning of period	37,737	27,363
Effect of exchange rate fluctuations on cash held	26	62
<b>Cash and cash equivalents at end of period</b>	<b>35,310</b>	<b>37,293</b>



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### **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. Beside 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 (an equity-accounted investee) and Mun Siong Engineering Sdn Bhd, which in turn holds equity interest in Pegasus Advance Engineering Sdn Bhd (the “PAE M”).

Its business interest in Taiwan is a branch office of the Company. The branch office is located in Kaohsiung, Taiwan. The financials of the Company include the results of the branch office.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 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 2021 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 2020.

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 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 those 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.

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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 2020.

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); and
- Impairment of property, plant and equipment (refer to Note 12).

**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**

Revenue	Group	
	YTD ended 30 June	
	6MTH 2021	6MTH 2020
	\$'000	\$'000
Revenue from contracts with customers	30,589	22,122

Significant judgements are used to estimate total contract costs to complete. In making these estimates, management has relied on past experience 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 are responsible for allocating and assessing performance of the operating segments. The Group's Executive Committee reviews internal management reports at least on a monthly basis.

Following the integration of OHM Engineering Pte Ltd's operations into the Company in 2019, management has determined that the Group has one reportable segment – Mechanical, electrical, instrumentation and others.





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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 2021 and 2020.

Reportable Segments	Group	
	YTD ended 30 June	
	6MTH 2021	6MTH 2020
	\$'000	\$'000
Total segment revenue	32,558	23,100
Inter segment revenue	(1,969)	(978)
Revenue from total parties	30,589	22,122
Dividend income	-	-
Interest income	34	119
Miscellaneous income	23	23
Total other income	57	142
Total revenue and other income	30,646	22,264
Depreciation	1,649	2,021
Finance expense	66	10
Segment profit / (loss)	(265)	(1,224)
Unallocated segment profits	23	23
Fair value loss on investment properties	-	-
Share of results of an equity-accounted investee	1	2
Consolidated profit before tax	(241)	(1,199)
Taxation	(322)	(125)
Earnings for the interim period	(563)	(1,324)
Segment assets	74,867	69,659
Investment properties	1,205	1,225
Investment in equity-accounted investee	322	241
Rights-of-use assets	1,729	421
Total assets per statement of financial position	78,123	71,546
Capital expenditures	3,933	915
Segment liabilities	22,255	15,752
Current tax payable	417	330
Deferred income tax liabilities	1,620	1,581
Total liabilities per statement of financial position	24,292	17,663

Disaggregation of revenue	Group	
	YTD ended 30 June	
	6MTH 2021	6MTH 2020
	\$'000	\$'000
Types of services:		
Rendering of services	30,589	22,122
Timing of revenue recognition		
At a point in time	17,297	14,960
Over time	13,292	7,162
	30,589	22,122
Geographical information		
Singapore	25,927	20,620
Indonesia	246	-
Malaysia	958	747
Taiwan	3,458	755
	30,589	22,122



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### 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 2021 and 31 December 2020.

Group	Amortised cost	Other financial liabilities	Total carrying amount
<b>30 June 21</b>			
<b>Financial Assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other receivables (exclude prepayments)	11,936	-	11,936
Cash and cash equivalents	35,310	-	35,310
	47,246	-	47,246
<b>Financial Liabilities</b>			
Trade and other payables		13,084	13,084
Bank loans		5,003	5,003
	-	18,087	18,087
<b>31 December 20</b>			
<b>Financial Assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other receivables (exclude prepayments)	12,948	-	12,948
Cash and cash equivalents	37,737	-	37,737
	50,685	-	50,685
<b>Financial Liabilities</b>			
Trade and other payables	-	13,776	13,776
Bank loans	-	5,010	5,010
	-	18,786	18,786
<b>Company</b>			
<b>30 June 21</b>			
<b>Financial Assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other receivables (exclude prepayments)	14,300	-	14,300
Cash and cash equivalents	33,091	-	33,091
	47,391	-	47,391
<b>Financial Liabilities</b>			
Trade and other payables	-	13,962	13,962
Bank loans	-	5,003	5,003
	-	18,965	18,965
<b>31 December 20</b>			
<b>Financial Assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Trade and other receivables (exclude prepayments)	14,148	-	14,148
Cash and cash equivalents	33,350	-	33,350
	47,498	-	47,498
<b>Financial Liabilities</b>			
Trade and other payables		13,169	13,169
Bank loans		5,010	5,010
	-	18,179	18,179

**MUN SIONG ENGINEERING LIMITED**(Incorporated in the Republic of Singapore)  
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	Group		
	YTD ended 30 June		
	6MTH 2021	6MTH 2020	Incr / (Decr)
	\$'000	\$'000	%
Depreciation	1,649	2,021	(18.4)
Net (gain) / loss on disposal of property, plant and equipment	-	(1)	(100.0)
Share-based compensation expense	38	38	-
Write back provision for doubtful debt	-	(155)	(100.0)
Write back of provision for onerous contracts	(42)	-	NM
Net foreign exchange loss /(gain)	(121)	(440)	(72.5)
Finance (income)/costs:			
Interest income	(34)	(119)	(71.4)
Interest on bank loans	50	-	NM
Interest on lease liabilities	16	10	60.0
Unwinding of discount on site restoration provision	13	6	116.7

NM: not meaningful

**7.2. Related party transactions**

There are no related party transactions for the period under review.

**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	
	YTD ended 30 June	
	6MTH 2021	6MTH 2020
	\$'000	\$'000
Current income tax expense	70	55
Under/(over) provision in respect of prior years	200	70
Deferred income tax expense relating to origination and reversal of temporary differences	52	-
	<u>322</u>	<u>125</u>

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**9. Dividends**

No interim dividends for the first half ended 30 June 2021 (30 June 2020: \$Nil) is recommended. No dividends have been declared or recommended in line with the previous financial year practice that proposed dividends are declared on a full financial year basis.

**10. Net Asset Value**

	<b>Group</b>		<b>Company</b>	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.27	9.41	9.20	9.38
Number of shares (issued and issuable) used in computing net asset value per ordinary share	580,612,400	580,124,400	580,612,400	580,124,400

**11. Property, plant and equipment**

During the six months ended 30 June 2021, the Group acquired assets amounting to \$3,933,000 (30 June 2020: \$915,000). There was no disposal of assets for the periods ended 30 June 2020 and 2021.

Please refer to section F (Other Information Required by Listing Rule Appendix 7.2) paragraph 2 for details.

For the period under review, the Group's market capitalisation is lower than its net assets as at the balance sheet date 30 June 2021. 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 performance, 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 2021.

**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.

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
<b>Investment Properties</b>	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
At 1 Beginning; 31 Dec and 30 Jun	1,205	1,205

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The Group engages an 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 period ended 30 June 2021, 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 2020, including any tenant changes, assessing market rentals etc. For the period ended 30 June 2021, management assessed that there were no changes in the fair value of the investment properties.

**13. Loans and Borrowings**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>	<b>30 Jun 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<u>Amount repayable within one year</u>				
Lease liabilities (secured)	554	559	513	510
Bank loans				
-secured				
-unsecured	1,045	427	1,045	427
	<u>1,599</u>	<u>986</u>	<u>1,558</u>	<u>937</u>
<u>Amount repayable after one year</u>				
Lease liabilities (secured)	598	879	571	834
Bank loans				
-secured				
-unsecured	3,958	4,583	3,958	4,583
	<u>4,556</u>	<u>5,462</u>	<u>4,529</u>	<u>5,417</u>
	<u>6,155</u>	<u>6,448</u>	<u>6,087</u>	<u>6,354</u>

The secured borrowings are secured against the respective operating assets and rights-of-use assets.

Total unsecured borrowings, amount repayable within and after one year, as at 30 June 2021 was \$5.0 million. In 2020, the Company drew down a loan, that was part of the Singapore government support given to local enterprises in response to Covid-19. The loan is for a tenor of 5 years and is repayable by 2025. Interest payments which commenced in August 2020 and principal repayment will commence in August 2021. The loan carries an interest rate of between 2.0% and 2.1% per annum.

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**14. Share capital**

	<b>Group and Company</b>			
	<b>As at 30 Jun 2021</b>		<b>As at 31 Dec 2020</b>	
	<b>'000</b>	<b>\$'000</b>	<b>'000</b>	<b>\$'000</b>
<b>Issued and paid-up share capital</b>				
As at beginning and end	581,546	26,254	581,546	26,254
<b>Treasury shares</b>				
As at 1 January	1,422	92	2,022	138
Purchase of treasury shares	312	16	200	9
Reissuance of treasury shares pursuant to share plan	(800)	(43)	(800)	(55)
As at the end	934	65	1,422	92

The total number of issued shares excluding treasury shares as at 30 June 2021 was 580,612,400 (31 December 2020: 580,124,400)

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

**15. Subsequent event**

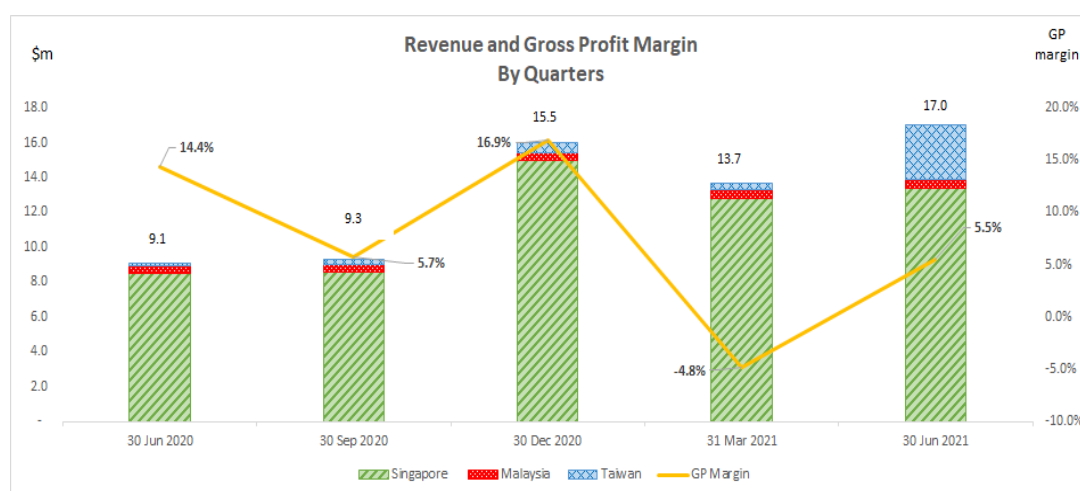
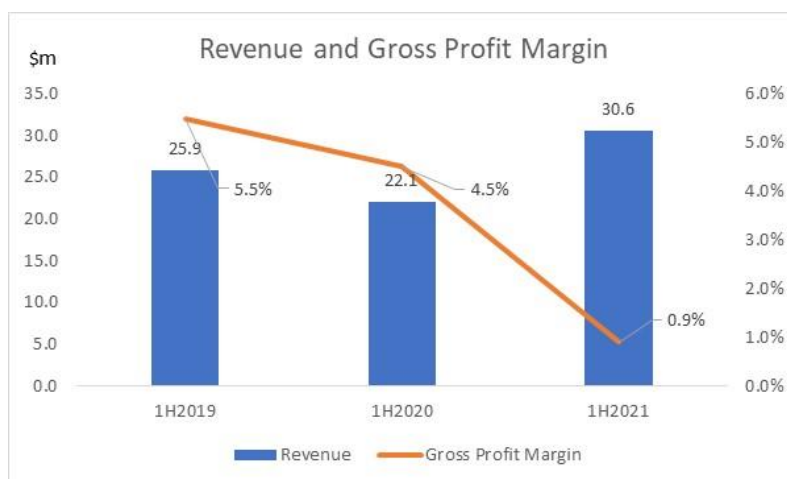
There are no other known subsequent events which have led to adjustments to this set of interim financial statements.

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**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 subsidiaries as at 30 June 2021 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 profitabilityGroup

For the period ended 30 June 2021, it achieved a revenue of \$30.6 million, an increase of \$8.5 million or 38.3%, against the corresponding period. For Q22021, it achieved a revenue of \$17.0 million as compared to a revenue of \$9.1 million in Q22020.



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At the same time, it achieved a gross profit and margin of \$0.3 million and 0.9% respectively, for the current period. This is a decline of \$0.7 million or 72.3% compared to the corresponding period. For Q2021, the gross profit and margin was \$0.9 million and 5.5% respectively (Q22020: gross profit of \$1.3 million and gross profit margin of 14.4%).

The cost of sales for the 1H2021 was \$30.3 million, an increase of \$9.2 million or 43.5%, compared to 1H2020 which was \$21.1million. The significant increase was due to the following:

- (i) The financial supports (job support scheme, foreign workers levy waivers and rebates) from the Singapore government tapered during the 1H2021. In the absence of these financial supports, our direct labor costs have increased significantly compared to that of the corresponding period 1H2020 and including that of Q42020.

The Singapore operations were able to deploy close to full its direct employed work force during 1H2021 as compared to 57% deployed during the Circuit Breaker period as well as post circuit breaker period in 2020. The lower deployment rate was due to high Covid-19 infection rates at the dormitories leading to some of our workers being confined to their dormitories, in most instances as precautionary measures to contain the spread of Covid-19.

- (ii) The Group is unable to increase its direct employed workforce and have to rely on subcontractors to execute a number of its on-going works. This was due to the debarment imposed on the Company by the Ministry of Manpower, which was lifted on 30 June 2021 following a successful appeal. However, the countries that the Group recruits its direct employed workforce, India and Bangladesh, experienced wide spread of Covid-19 infections. Nationals from both these countries, till to-date, have been denied entry into Singapore.

Since 2020, due to border closures by the government, many companies in Singapore across various industries, especially contracting, have to rely on subcontractors to supplement their workforce. This strong demand has driven up prices significantly. Besides, significant cost increases, productivity using subcontractors tend to be low due to low skills level.

The significant increases in engagement cost and low productivity have negatively affected our profitability.

### *Singapore Operations*

For the current period, revenue increased by \$5.6 million or 26.9% to \$26.2 million. The revenue for Q22021 was \$13.4 million (Q22020: revenue \$8.6 million)). The Group continues to receive good volume of work orders from business partners.

The Singapore operations could not increase its direct employed work force due to both the debarment imposed by the Ministry of Manpower (which is now lifted as the date of this announcement), and entry ban imposed by the government on India and Bangladesh nationals. To supplement its workforce, the Group has to rely on subcontractors, which are costly, and in most instances, low on productivity due to the low skills level.

In the second half of FY2020, a provision for foreseeable losses or onerous contracts (\$42,000) was made. This provision is no longer required as the business partner, a relationship established in recent times, agreed to our additional works request. Although the amount is immaterial to the Group overall financial performance, management is encouraged by this development.

The Singapore operations registered positive gross profit margin in both periods.





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### *Malaysia Operations*

Our services in Malaysia are classified as essential services. This has allowed us to continue operations, despite the Movement Control Orders (the “MCO”) imposed by the government, at the Pengerang plant.

Revenue increased by \$ 0.2 million or 28.2% in the current period to \$1.0 million. We registered a positive gross profit for the current period as compared to a gross loss in the corresponding period. However, this operation has yet to make significant contribution to the Group.

### *Taiwan Operations*

During the period under review, we partially completed a recently awarded project. Contribution to Group’s revenue was \$3.5 million, an increase of \$2.7 million. The project was awarded by CPC Corporation and its total value is \$4.2 million.

The Taiwan operations registered positive gross profit margin for both periods.

### Other income and recoveries (increased by \$1.2 million)

In FY2020, due to the outbreak of Covid-19 infection in the dormitories, we had to relocate a portion of our direct employed workforce from the dormitories to hotels. This enables us to deploy them at our various worksites.

We incurred a total of \$1.1 million in FY2020 towards this effort. During the period under review, we have fully recovered this amount from the various government agencies.

### Administration expenses (declined by \$1.0 million or 31.6%)

In 1H2020, we incurred decanting costs of \$0.7 million – cost of relocating some of our direct employed to hotels. This is to enable deployment at our various worksites. This amount is part of the \$1.1 million decanting costs (as mentioned in other income and recoveries) incurred in FY2020, subsequently recovered during 1H2021 from the various government agencies.

No decanting costs were incurred in 1H2021, resulting in the significant decline in administration expenses.

We also incurred a lower land and building depreciation costs (declined by \$0.1 million) in the current period.

### Other operating expenses (decreased by \$0.3 million or 72.5%)

It consists mainly of foreign exchange gain and losses. We incurred a lower unrealized exchange gain in the current period as compared to the corresponding period. Although in both periods witnesses the weakening of the Singapore dollars against the US dollars, the unrealized exchange gain was lower in the current period.

### Finance Income (decreased by \$85,000 or 71.4%)

A lower finance income earned in the current period due to lower interest earned on our fixed deposits due to the low prevailing interest rates.



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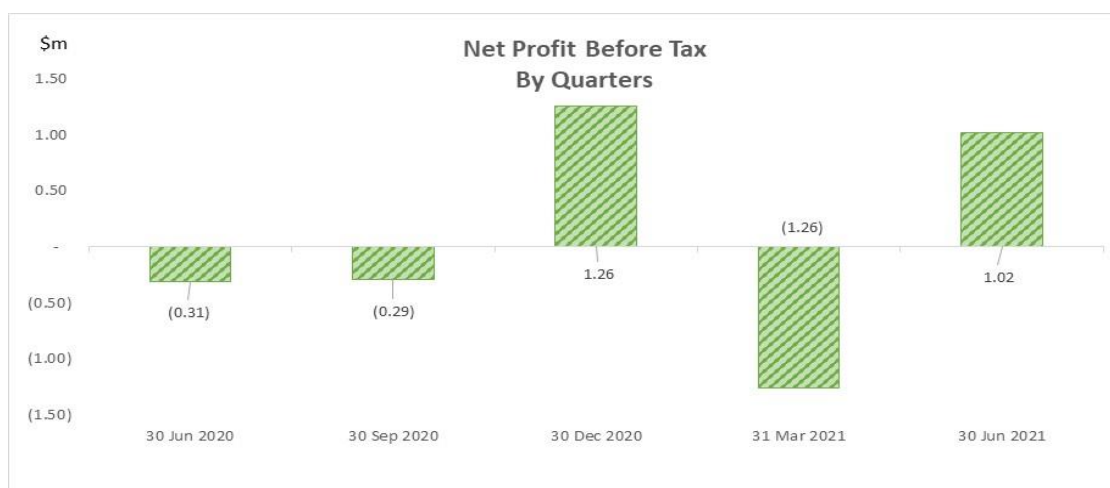
### Finance costs (increased by \$63,000)

The higher finance costs in the current period were due to the interest costs of \$50,000 incurred on the temporary bridging loan which the Company drew down in 2020 and higher interest costs incurred due to the increase in lease liabilities in the second half of 2020.

### Tax expense (increased by \$197,000)

There was an under provision of \$200,000 for the prior year pertaining to the Taiwan Operations. The higher taxable income was due to the computation and recognition of payment of Value Added Tax invoices which resulted in under provision of tax in prior year.

### Current year performance



For the current quarter, Q22021, the Group incurred a net profit before tax of \$1.0 million. However, on a cumulative basis, after taking into account the losses incurred in Q12021 of \$1.3 million, the net losses before tax were narrowed to \$0.2 million. This is compared to a net loss before tax of \$1.2 million for the corresponding period.

The profit for 1H2021 was due to the recovery of decanting cost of \$1.1 million (mentioned in other income and recoveries). This is non-recurring in nature. In the absence of this amount, the Group would have incurred a net loss before tax of \$1.3 million.

In 1H2021, on an EBITDA\* basis, the Group registered a higher positive number compared to 1H2020; \$1.5 million compared to \$0.8 million respectively.

*\*Earnings before interest, tax, depreciation, and amortization.*

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Review of statements of financial position

## (i) Property, plant and equipment (increased by \$2.3 million)

Property, plant and equipment includes right-of-use assets. The increase was due to the additions of fixed assets amounting to \$3.9 million. The breakdown is as follows:

	\$ million
Purchase of 60 years leasehold land and a building (including payment of stamp duties) by our Malaysia operations.	2.2
Refer to our announcement dated 5 March 2021.	
Purchases of vehicles and equipment to support operations	0.7
Enterprise Resource Planning System (the "ERP") (Implemented in 2020 for the Singapore operations; reclassified from prepayments to fixed assets during the current period)	1.0
Total additions for the period	3.9

The above additions were offset by the depreciation costs of \$1.6 million for the current period.

## (ii) Investment in an equity accounted investee (increased by \$78,000)

The Company contributed its pro-rate uncalled capital of \$82,000. The Company's equity interest in this entity remains unchanged at 49%. Please refer to our announcement dated 5 August 2021 on disclosure pursuant to Rule 706A.

The current share of profit from this entity (amounting to \$1,000) was offset by a negative translation difference due to weakening of the Malaysia Ringgit against the Singapore dollars.

## (iii) Contract assets (increased by \$182,000)

Contract liabilities (increased by \$35,000)

The increase in contract assets and contract liabilities were due to more job activities from our operations.

## (iv) Trade and other receivables

Group (decreased by \$1.9 million)

Other receivables declined by \$1.0 million due to the reclassification of ERP pre-paid costs to fixed assets during the period under review.

The remaining decrease of \$0.9 million was due to realization of trade receivables.

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As at 28 July 2021, the Group realized \$6.6 million or approximately 61% of its outstanding trade receivables as at 30 June 2021. Trade receivables turnover days continues to be comparable to previous quarters.

No provision for doubtful debt was necessary in the first six months of FY2021.

*Company (decreased by \$0.8 million)*

Trade and other receivables declined by \$2.3 million mainly due to collections from customers of \$1.3 million and reclassification of \$1.0 million from prepayment to fixed assets pertaining to the pre-paid ERP system costs.

The decrease is offset by the provision of a temporary intercompany loan (to PAE M) of \$1.5 million to support the purchase of land and building in Johore (Malaysia). PAE M will issue redeemable convertible preference shares in the second half of 2021 to repay back this loan. Refer to page 23 for more details on the redeemable convertible preference shares.

(v) Loans and Borrowings (decreased by \$0.3 million)

Loans and borrowings comprise temporary bridging loan, interest payable and lease liabilities.

The Group will commence repaying (principal and interest) the temporary bridging loan of \$5.0 million from August 2021. Please refer to note 13 on page 13.

The decline was due to repayment of lease liabilities.

(vi) Trade and other payables

*Group (decreased by \$0.7 million)*

The decline in trade and other payables at the Group level was due to payments to suppliers.

*Company (increased by \$0.8 million)*

The increase was due to amount owing to a subsidiary for the provision of manpower services.

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(vii) Provisions (decreased by \$30,000)

Provisions consist of provision for restoration costs, provision for reworks and provision for onerous contracts (or foreseeable losses).

There was a write back of provision for foreseeable losses (onerous contracts) of \$42,000 during the current period. This is in response to the business partner agreeing to recognize our additional work order claims.

(viii) Tax payable (Group decreased by \$71,000; Company decreased by \$106,000)

The decrease in tax payable was mainly due to tax payments.

(ix) Treasury shares (decreased by \$27,000) and share based compensation reserve (increased by \$5,000)

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

In addition, the Group purchased 312,000 of treasury shares in the open market amounting to \$16,000 during the year.

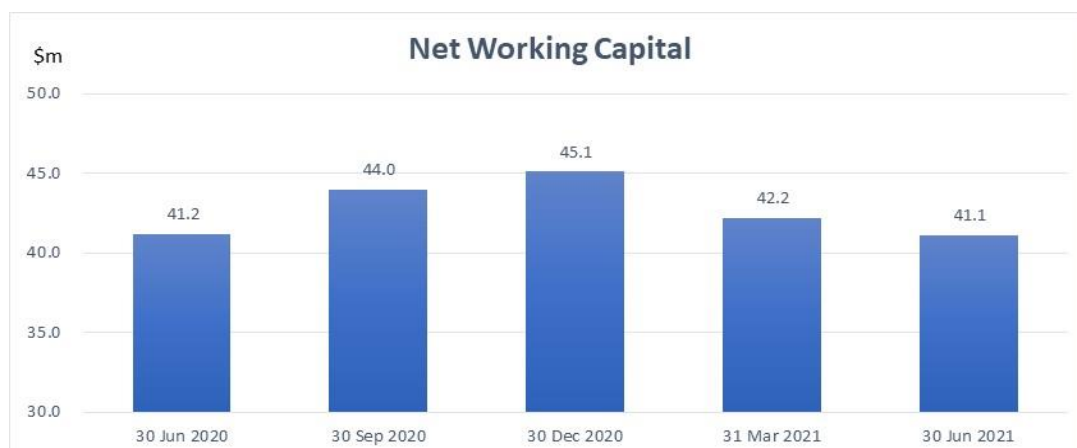
Review of Cash flow statement

The Group reported a cash balance of \$35.3 million as at 30 June 2021. A decrease of \$2.4 million from 31 December 2020.

	\$ million
Net cash generated from operating activities	1.1
Net cash used in investing activities – significantly relates to purchase of the 60 years leasehold land and a building by PAE M	(2.9)
Net cash used in financing activities	(0.6)
Net decrease in cash balances	(2.4)

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Net working capital (current assets less current liabilities) was \$41.1 million as at 30 June 2021. The decline of \$4.0 million from 31 December 2020 was due to purchase of Malaysia leasehold land and a building of \$2.2 million (full payment), increase in current portion of the temporary bridging loan of \$0.6 million and reclassification of prepayment of \$1.0 million to fixed assets (relating to the ERP system).

As at 30 June 2021, our gross debt ratio was at 11.4% (31 December 2020:11.8% and 30 June 2020: 0.9%).

**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**

*Singapore Operations:*

In FY2019, the Group's key business partners have further renewed their maintenance contracts with us. The renewals have increased the area of coverage at their plants and facilities. These have brought about increase in jobs opportunities. Despite, the imposition of circuit breaker and volatile crude oil prices, the Group continues to be presented with jobs opportunities by these business partners.

The inability to increase its direct employed workforce is a key hindrance to the Group shouldering this additional volume of work. The reliance on subcontractors is economically not viable due to its high cost (due to acute shortage in supply) and lower skills level (reduction in productivity). Both these factors weigh against our profitability.

As the date of this announcement, our border continues to be closed to nationals from India and Bangladesh – countries that we source our direct employed workforce from. We have explored the possibilities of recruitment from Thailand and Myanmar. Both these countries in recent days also experienced high daily Covid-19 infection rates. In the event that the infection rates were to escalate to levels like India or Bangladesh, nationals from these countries would also be denied entries into Singapore. On 14 July 2021, Singapore stopped the entry of Myanmar travelers into



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Singapore.

Recent initiative launched by the Singapore government to integrate overseas training, testing and onboard process with Singapore's on arrival testing and stay home notice protocol pilot program has begun. The effectiveness (including cost involved) to this pilot program is yet to be known and a volatile Covid-19 situations in many countries may weigh against it.

Since last year the Group undertook changes to its work processes, leaning towards mechanization. The Group is in discussion with an American based electrical tools manufacturer to promote the usage of electrical tools instead of manual tools used at sites to increase work productivity, reduce the deployment of manual workers and improve work safety. At the same time, we are also working with business partners to maximise the utilization of available direct employed workforce under the same contract, within the same plant owner of different processing units.

Since FY2015, the down turn of the oil and gas industries, the Group have scrutinized its costing and work processes and undertook works that were gross profit positive, only under certain exceptions gross profit neutral. This strategy has proven to be correct and served the Group financially well. Unlike many in the contracting businesses, that are saddled with significant provisions for foreseeable losses on their on-going jobs, the Group, other than FY2021 (\$42,000 – amount subsequently recovered via additional work orders) and FY2017 (\$2,000), is fortunate to avert such circumstances.

Management will continue to pursue this strategy; however, the Group has to meet its legal obligations in the various current maintenance contracts. It will continue and endeavors to engage business partners on sharing part of additional costs arising from subcontractors.

We have also intensified our search for a land and building in Singapore. The extension by the Jurong Town Corporation (the lessor) will expire in August 2023.

As announced on 6 April 2021, the Board of Directors has commissioned, on its own accord, the Company's internal auditors – Messrs MS Risk Management Pte Ltd – to conduct a review of its work permit applications processes. This is to address the weaknesses which gave rise to the debarment imposed by the Ministry of Manpower. The review is on-going and will be completed by October 2021.

### *Malaysia Operations:*

The continuous engagement between the Group and Petronas have resulted in additional work secured. This has resulted in the Malaysian operations turning gross profit positive for 1H2021.

Covid-19 infection rates continue to rise in Malaysia. The imposition of MCO continues to work against the Group in securing more works at the Pengerang's facilities.

The Group believes that Malaysia provides ample business opportunities for its core competencies. As announced on 5 March 2021, the Group through PAE M acquired a 60 years leasehold land (area of 13,106.5 square meters) and a building at Johore (Malaysia). This investment commitment would allow the establishment of a fabrication facilities.

Due to the MCO, the completion of the sale and purchase agreement, has been delayed. The legal counsel advising PAE M on this transaction has advised that the land title is awaiting registration by the Johore's land authority.

### Issuance of Redeemable Convertible Preference Shares by PAE M

Pegasus Advance Engineering Sdn Bhd (the "PAE M"), as an issuer, will issue up to 80 million



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redeemable convertible preference shares (the “RCPS”) at an issue price of RM0.50 per each RCPS. The subscribers are the Company and Mun Siong Engineering Sdn Bhd (a wholly owned subsidiary of the Company).

In the event that the RCPS are fully subscribed, the total proceeds will be RM40.0 million. The subscriptions are at the discretion of the subscribers. Proceeds from the RCPS, will be utilised by PAE M, to fund the acquisition of a plot of 60 years leasehold industrial land (area of 13,106.5 square meters) and the building in in Johore (Malaysia). Besides this, the proceeds will be utilised to advance the Group’s core business interests in Malaysia when it arises. The subscriptions of the RCPS will be funded by the working capital of the Group.

Please refer to our announcements dated 5 March 2021 and 8 July 2021.

### *Taiwan Operations:*

The Group will continue to seek business opportunities in this market. It has established credibility through projects completed to-date since FY2020.

CPC Corporation has awarded the Company a project valued at \$20.0 million. This project is expected to be completed within the financial year. Beside this project, there is an on-going project from this business partner valued at \$4.2 million, which will be completed in FY2021. In the event Covid19 infections cases escalate in Taiwan, there could be potential delays.

Since our announcement on 14 April 2021 (Assistance in an investigation – Taiwan Branch office), there has been no new developments until 14 July 2021. The Ministry of Justice has requested our administration executive to assist in their investigation. We later found out that they are investigating a former employee. The said former employee (a non-management staff) resigned from the branch office on his own accord in April 2020.

Messrs Chen and Lin Attorney’s-at-law, a local legal firm was retained to provide assistance to the Branch office in the event the Branch office needs to provide more information to the Ministry of Justice.

The Taiwan operations is a branch office of the Company. The finance (accounting and treasury) and project management functions are supported by the Singapore operations. Its financial records (maintained in Singapore by the Company’s finance staff) are part of the audit reviews by the external auditors in rendering their audit opinion.

## **5. Dividend Information**

No dividends have been declared or recommended. 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 of the Company for Interested Person Transactions.

## **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.





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**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 2021 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**

**5 August 2021**