



MUN SIONG ENGINEERING LIMITED

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
PERIOD ENDED 31 MARCH 2018



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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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		
	Qtr ended 31 Mar		Incr / (Decr)
	2018	2017	
	1Q	1Q	%
	\$'000	\$'000	
Revenue	13,548	21,402	(36.7)
Cost of sales	(12,860)	(20,088)	(36.0)
Gross profit	688	1,314	(47.6)
Other income	307	227	35.2
Administrative expenses	(1,527)	(1,469)	3.9
Other operating expenses	(133)	(9)	NM
Results from operating activities	(665)	63	NM
Finance income	100	28	257.1
Finance expenses	(5)	(4)	25.0
Profit before income tax	(570)	87	NM
Income tax credit	31	44	(29.5)
Profit after income tax	(539)	131	NM
Other comprehensive income:			
<i>Items that may be reclassified</i>			
<i>subsequently to profit or loss:</i>			
Foreign currency translation difference from foreign operation	(5)	2	NM
Total comprehensive income	(544)	133	NM
Profit attributable to:			
Owners of the Company	(539)	131	NM
Total comprehensive income attributable to:			
Owners of the Company	(544)	133	NM

NM: Not meaningful

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

	Group	
	Qtr ended 31 Mar	
	FY2018	FY2017
	Q1	Q1
	\$'000	\$'000
Depreciation of property, plant and equipment	848	948
Amortisation of intangible asset	37	37
Net gain on disposal of property, plant and equipment	-	(20)
Net foreign exchange loss	133	9
Finance (income)/expenses:		
Interest income	(100)	(28)
Interest on borrowings	1	-
Unwinding of discount on site restoration provision	4	4



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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		
	31 Mar'18 \$'000	31 Dec'17 \$'000	Change %	31 Mar'18 \$'000	31 Dec'17 \$'000	Change %
Non-current assets						
Property, plant and equipment	14,613	14,616	(0.0)	14,662	14,658	0.0
Intangible asset	706	742	(4.9)	706	742	(4.9)
Investment properties	1,225	1,225	-	1,225	1,225	-
Goodwill on consolidation	1,001	1,001	-	-	-	-
Subsidiaries	-	-	-	3,741	4,492	(16.7)
Total non-current assets	17,545	17,584	(0.2)	20,334	21,117	(3.7)
Current assets						
Inventories	594	603	(1.5)	594	603	(1.5)
Contract work-in-progress	2,021	1,138	77.6	1,476	956	54.4
Trade and other receivables	15,658	15,970	(2.0)	15,257	15,230	0.2
Cash and cash equivalents	32,711	35,648	(8.2)	26,805	22,030	21.7
Total current assets	50,984	53,359	(4.5)	44,132	38,819	13.7
Total assets	68,529	70,943	(3.4)	64,466	59,936	7.6
Equity attributable to equity holders of the Company						
Share capital	26,254	26,254	-	26,254	26,254	-
Treasury shares	(145)	(118)	22.9	(145)	(118)	22.9
Translation reserve	(3)	2	NM	-	-	-
Retained earnings	32,975	33,513	(1.6)	22,530	22,969	(1.9)
Total equity attributable to owners of the Company	59,081	59,651	(1.0)	48,639	49,105	(0.9)
Non-controlling interest	6	-	NM	-	-	-
Total equity	59,087	59,651	(0.9)	48,639	49,105	(0.9)
Non-current liabilities						
Loans and borrowings	95	100	(5.0)	95	100	(5.0)
Provision for restoration costs	341	337	1.2	341	337	1.2
Deferred tax liabilities	1,404	1,435	(2.2)	1,404	1,435	(2.2)
Total non-current liabilities	1,840	1,872	(1.7)	1,840	1,872	(1.7)
Current liabilities						
Trade and other payables	7,239	8,198	(11.7)	13,966	8,079	72.9
Excess of progress billings over contract work-in-progress	9	868	(99.0)	2	861	(99.8)
Loans and borrowings	19	19	-	19	19	-
Current tax payable	335	335	-	-	-	-
Total current liabilities	7,602	9,420	(19.3)	13,987	8,959	56.1
Total liabilities	9,442	11,292	(16.4)	15,827	10,831	46.1
Total equity and liabilities	68,529	70,943	(3.4)	64,466	59,936	7.6

NM: Not meaningful

* Denotes amount lesser than \$1,000

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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***

31 March 2018		31 December 2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
19	-	19	-

Amount repayable after one year

31 March 2018		31 December 2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
95	-	100	-

Details of any collateral

The borrowings in the previous year 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

	2018	2017
	1Q	1Q
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/profit before income tax	(570)	87
Adjustments for:		
Depreciation of property, plant and equipment	848	948
Interest expense	1	-
Amortisation of intangible asset	37	37
Interest income	(100)	(28)
Net gain on disposal of property, plant and equipment	-	(20)
Operating cash flow before working capital changes	216	1,024
Changes in inventories	10	(1)
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	(1,742)	(2,217)
Changes in trade and other receivables	311	6,795
Changes in trade and other payables	(961)	345
Changes in provision for restoration costs	4	4
Cash (used in)/generated from operating activities	(2,162)	5,950
Tax credit received	1	-
Income tax paid	-	(42)
Net cash (used in)/generated from operating activities	(2,161)	5,908
Cash flows from investing activities		
Interest received	100	28
Proceeds from disposal of property, plant and equipment	-	20
Acquisition of property, plant and equipment	(846)	(335)
Net cash used in investing activities	(746)	(287)
Cash flows from financing activities		
Proceeds from exercise of warrants	-	11
Proceeds from contribution by non-controlling interest	7	-
Purchase of treasury shares	(27)	-
Repayments of borrowings	(5)	-
Interest paid	(1)	-
Net cash (used in)/generated from financing activities	(26)	11
Net (decrease)/increase in cash and cash equivalents	(2,933)	5,632
Cash and cash equivalents at beginning of period	35,648	18,211
Effect of exchange rate fluctuations on cash held	(4)	2
Cash and cash equivalents at end of period	32,711	23,845



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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	Treasury shares	Capital reserve	Translation reserve	Retained earnings	Total	Non-controlling interest	Total equity
The Group								
At 1 January 2018	26,254	(118)	-	2	33,513	59,651	-	59,651
Total comprehensive income for the period								
Profit for the period	-	-	-	-	(539)	(539)	-	(539)
Other comprehensive income for the period:-								
Foreign currency translation difference from foreign operation	-	-	-	(5)	-	(5)	-	(5)
Total comprehensive income for the period	-	-	-	(5)	(539)	(544)	-	(544)
Transactions with owners, recorded directly in equity								
Purchase of treasury shares	-	(27)	-	-	-	(27)	-	(27)
Total transactions with owners	-	(27)	-	-	-	(27)	-	(27)
Changes in non controlling interests								
Capital contribution in subsidiary by non-controlling interests	-	-	-	-	-	-	7	7
Transfer of loss in subsidiary to non-controlling interests	-	-	-	-	1	1	(1)	-
Transfer of exchange loss in translation reserve to non-controlling interests	-	-	-	-	-	-	-	-
Total changes in non-controlling interests	-	-	-	-	1	1	6	7
At 31 March 2018	26,254	(145)	-	(3)	32,975	59,081	6	59,087
At 1 January 2017	26,130	-	6	9	32,206	58,351	-	58,351
Total comprehensive income for the period								
Profit for the period	-	-	-	-	131	131	-	131
Other comprehensive income for the period:-								
Foreign currency translation difference from foreign operation	-	-	-	2	-	2	-	2
Total comprehensive income for the period	-	-	-	2	131	133	-	133
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Shares issued for exercise of warrants	11	-	(1)	-	-	10	-	10
Total transactions with owners	11	-	(1)	-	-	10	-	10
At 31 March 2017	26,141	-	5	11	32,337	58,494	-	58,494
The Company								
Amount in \$'000	Share capital	Treasury shares	Capital reserve	Retained earnings	Total			
At 1 January 2018	26,254	(118)	-	22,969	49,105			
Total comprehensive income for the period								
Profit for the period	-	-	-	(439)	(439)			
Total comprehensive income for the period	-	-	-	(439)	(439)			
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Treasury shares								
Proceeds from issue of warrants (net of expenses)	-	(27)	-	-	(27)			
Total transactions with owners	-	(27)	-	-	(27)			
At 31 March 2018	26,254	(145)	-	22,530	48,639			
At 1 January 2017	26,130	-	6	18,701	44,837			
Total comprehensive income for the period								
Profit for the period	-	-	-	(40)	(40)			
Total comprehensive income for the period	-	-	-	(40)	(40)			
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Shares issued for exercise of warrants	11	-	(1)	-	10			
Total transactions with owners	11	-	(1)	-	10			
At 31 March 2017	26,141	-	5	18,661	44,807			

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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.

In total, 164,838,400 warrants were exercised. The warrants expired on 8 September 2017 and the balance of the unexercised 1,844,800 warrants lapsed and was cancelled on expiry date. The total proceeds raised were fully utilised in FY2017 and fully disclosed in Q4 FY2017.

During the current quarter, the Company purchased 400,000 of its shares by way of market acquisition and held them as treasury shares. The treasury shares were purchased in accordance to the terms of the Share Purchase Mandate. At the end of the current quarter, the total number of treasury shares held is 2,038,000 shares. As at the date of this announcement, no action is taken on the treasury shares.

	2018 1Q	2017 1Q
Issued and paid-up shares		
As at beginning of the period	581,546,400	569,793,100
Shares issued pursuant to exercise of warrants	Nil	1,026,000
As at end of the period	581,546,400	570,819,100
Treasury shares	2,038,000	NIL
Total number of issued shares excluding treasury shares as at the end of the period	579,508,400	570,819,100
Total outstanding warrants as at the end of the period	Nil	13,598,100

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.

	As at 31 Mar 2018	As at 31 Dec 2017
Total number of shares	581,546,400	581,546,400
Less: Treasury shares	2,038,000	1,638,000
Total number of issued shares excluding treasury shares	579,508,400	579,908,400



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

Not applicable. There was no transaction taken on the treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellations and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There was no such transaction and also no subsidiary holding.

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

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

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year compared with the audited financial statements as at 31 December 2017.

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

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)"), on 1 January 2018 and has prepared its first set of financial statements under SFRS(I) for the quarter ended 31 March 2018.

In adopting SFRS(I), the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards (International)*. In addition, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date:

- SFRS(I) 15 *Revenue from Contracts with Customers*, which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments*, which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- Requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;
- Requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

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The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group.

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

	Group	
	1Q 2018	1Q 2017
EPS (based on consolidated net profit attributable to equity holders)		
- on weighted average number of ordinary shares in issue (cents)	(0.09)	0.02
- on fully diluted basis (cents)	(0.09)	0.02
Weighted average number of shares in issue during the period used in computing basic EPS	<u>579,521,883</u>	<u>570,386,237</u>
Weighted average number of shares in issue during the period used in computing diluted EPS	<u>579,521,883</u>	<u>581,109,499</u>

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	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	<u>10.20</u>	<u>10.29</u>	<u>8.39</u>	<u>8.47</u>
Number of shares (issued and issuable) used in computing net asset value per ordinary share	<u>579,508,400</u>	<u>579,908,400</u>	<u>579,508,400</u>	<u>579,908,400</u>

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.*



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Notes to the statement of comprehensive income

(i) Revenue and profitability

Since mid-2017, plants and facilities owners have reduced their capital expenditure and this has resulted in significant reduction in jobs in the market. Many service providers, including our competitors, were willing to accept jobs at significantly lower profit margin to maintain their workforce.

In light of the prevailing market conditions and to preserve profitability, management adopted careful stances towards acceptance of new jobs. This has resulted in the significant decline in sales revenue for the period under review - Group's revenue for 1Q2018 was S\$13.55 million as compared to S\$21.40 million in 1Q2017. This was a decline of 36.7%.

Cost of sales for 1Q2018 was S\$12.86 million as compared to S\$20.09 million in 1Q2017. The decline in cost of sales was in tandem to the decline in revenue. Both the reduction in sales revenue and our less reliance on subcontractors had resulted in the reduction in subcontractor costs which was S\$995,000 in 1Q2018 as compared to S\$5.96 million in 1Q2017.

Gross profit margin for 1Q2018 was 5.1% as compared to 6.1% in 1Q2017.

The significant decline in revenue had resulted in the Group been unable to cover significant portion of its fixed operating expenses. Consequently, the Group suffered a loss before tax of S\$570,000 in 1Q2018 as compared to a profit before tax of S\$87,000 in 1Q2017.

(ii) Other income

Other income in 1Q2018 was S\$307,000 as compared to S\$227,000 in 1Q2017. The main increase was from the sales of scrap materials, which amounted to S\$175,000 in 1Q2018 as compared to S\$7,000 in 1Q2017.

(iii) Administrative expenses

Administrative expenses of S\$1.53 million in 1Q2018 was slightly higher than the expenses of S\$1.47 million in 1Q2017. The higher expenses were due mainly to higher staff costs.

(iv) Other operating expenses

Other operating expenses was S\$133,000 in 1Q2018 as compared to S\$9,000 in 1Q2017. Higher foreign exchange losses were incurred in 1Q2018 as compared to that of 1Q2017.

(v) Finance income and expenses

The Group recorded a finance income (interest income) of S\$100,000 in 1Q2018 as compared to S\$28,000 in 1Q2017. The increase in 1Q2018 was due to both higher cash and cash equivalents balances and interest rates earned on deposits.

Finance expenses were S\$5,000 in 1Q2018 as compared to S\$4,000 in 1Q2017. The increase in 1Q2018 was due mainly to the hire purchase interest on the assets purchased in the last quarter of 2017.

(vi) Income tax (expense) / credit

The Group recorded a tax credit of S\$31,000 in the current quarter as compared to a tax credit of S\$44,000 in the prior corresponding quarter.



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As the company incurred an operating loss, there was no corporate tax payable and the tax credit arose from a writeback on deferred tax liability in the current quarter.

Notes to statements of financial position

Group and Company

(i) Property, plant and equipment

During the period under review, the Group continued to invest in fixed assets of S\$846,000, to increase productivity and operational capabilities. Depreciation expenses for the period was S\$848,000. This has resulted in the insignificant change in net asset value of the Group.

(ii) Intangible Asset

The decrease was due to the amortization of the exclusive licencing rights for the provision of specialized coating services and methodology in Singapore and Malaysia.

(iii) Inventories and contract work-in-progress

Inventories relate to raw materials that the Group purchased for its jobs. There were no significant changes in the dollar value of inventories for the period under review.

Contract work-in-progress (or work in progress) increased to S\$2.02 million (1Q2018) as compared to S\$1.14 million (1Q2017).

(iv) Trade and other receivables

Trade and other receivables was S\$15.66 million (1Q2018) as compared to S\$15.97 million (1Q2017).

(v) Trade and other payables

Trade and other payable was S\$7.24 million (1Q2018) as compared to S\$8.20 million (1Q2017). The decrease in trade and other payable was due to reduction in revenue.

(vi) Provision for restoration costs

The provision relates to the leasehold premises located at 35 Tuas Road Singapore 638496 that is leased from JTC. The lease will expire in FY2020.

(vii) Loans and borrowings

The outstanding loan amount was for the hire purchase financing arrangements for fixed assets purchased in the second half of FY2017. The decrease in the loan amount in the current quarter was due to repayments.

(viii) Deferred tax liabilities and tax payable

The deferred tax liabilities were due mainly to the recognition of temporary timing differences arising from the general provisions and claim on capital allowances on qualifying assets. The decrease in deferred tax liabilities arose after accounting for unutilised capital allowance for the quarter.



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There was no change in tax payable due to the tax position in 1Q2018.

(ix) Equity

Total equity of the Group decreased from S\$59.65 million as at 31 December 2017 to S\$59.09 million as at 31 March 2018.

This decrease was attributed mainly to the operating losses incurred in the current quarter.

Notes to cash flow statement

The Group incurred negative cash flow from its operations in the current quarter amounting to S\$2.16 million as compared to positive cash flow of S\$5.90 million for 1Q2017. Consequently, cash and cash equivalents decreased from S\$35.64 million (as at 31 December 2017) to S\$32.71 million (as at 31 March 2018).

Working capital (current assets less current liabilities) remained with little change, S\$43.34 million (as at 31 March 2018) as compared to S\$43.94 million (as at 31 December 2017).

The Group also invested S\$846,000 on plant & machinery to boost its productivity and operational capabilities, and incurred another S\$27,000 in its share buyback exercise.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was previously provided.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The current market condition, reduction in jobs from our business partners and downward pressure on profit margin, have been ongoing since 2015 - these have been reflected in the market outlook statements in the Group's annual reports and quarterly financial statements.

Strategies that were in place since FY2015, will continue into FY2018. These include stringent evaluation processes in tendering for new jobs and increase in investments in fixed assets to further enhance productivity and operational capabilities. The Group will continuously review and make adjustments to its workforce to reflect the volume of work.

Management believes the depressed market conditions will continue into FY2018. However, in recent months some of the Group's business partners have been in discussions with service providers, like the Group, on possible new projects. These discussions are preliminary and the projects may be deferred if global financial markets or commodity markets were to turn negative. In the event that these projects were to materialize, commencement of work will likely to be in late 2019 or early 2020.

Despite the current difficult market conditions, the Group continues to hold a cautiously optimistic view on its outlook for FY2018.



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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 31 March 2018 is recommended.

(b) Corresponding Period of the Immediately Preceding Financial Year

Not applicable.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No interim dividend for the three months ended 31 March 2018 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.

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14. Use of IPO Proceeds

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

Purpose (Amount in S\$'000)	Amount raised	Change of Use	Utilisation		Total Utilised	Balance
			up to 2017	1st Qtr 2018		
To establish a regional presence	4,000	-	(1,875)	(12)	(1,887)	2,113
To establish an engineering design centre and upgrade of existing database management system	1,000	-	(674)		(674)	326
Widening the range of services available to our customers	12,500	(7,709)	(4,791)	-	(4,791)	-
Working Capital	1,400	7,709	(9,109)	-	(9,109)	-
Total	18,900	-	(16,449)	(12)	(16,461)	2,439

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 31 March 2018 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****8 May 2018**