



MUN SIONG ENGINEERING LIMITED

**SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
PERIOD ENDED 30 June 2018**



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

1(a)(i) A statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Qtr ended 30 Jun		Incr / (Decr) %	YTD ended 30 Jun		Incr / (Decr) %
	2Q 2018	2Q 2017		6MTH 2018	6MTH 2017	
\$'000	\$'000		\$'000	\$'000		
Revenue	14,186	21,593	(34.3)	27,734	42,995	(35.5)
Cost of sales	(13,635)	(20,054)	(32.0)	(26,495)	(40,142)	(34.0)
Gross profit	551	1,539	(64.2)	1,239	2,853	(56.6)
Other income	256	456	(43.9)	563	683	(17.6)
Administrative expenses	(1,528)	(1,407)	8.6	(3,055)	(2,876)	6.2
Other operating expenses	355	(5)	NM	222	(14)	NM
Results from operating activities	(366)	583	(162.8)	(1,031)	646	(259.6)
Finance income	120	31	287.1	220	59	(272.9)
Finance expenses	(6)	(5)	20.0	(11)	(9)	22.2
(Loss) / Profit before income tax	(252)	609	(141.4)	(822)	696	(218.1)
Income tax credit /(expense)	65	(96)	167.7	96	(52)	(284.6)
(Loss) / Profit after income tax	(187)	513	(136.5)	(726)	644	(212.7)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation difference from foreign operations	1	(6)	116.7	(4)	(4)	-
Total comprehensive (loss) / income	(186)	507	(136.7)	(730)	640	(214.1)
(Loss) / Profit attributable to:						
Owners of the Company	(186)	513	(136.3)	(725)	644	(212.6)
Non-controlling interest	(1)	-	NM	(1)	-	NM
	(187)	513	(136.5)	(726)	644	(212.7)
Total comprehensive (loss) / income attributable to:						
Owners of the Company	(185)	507	(136.5)	(729)	640	(213.9)
Non-controlling interest	(1)	-	NM	(1)	-	NM
	(186)	507	(136.7)	(730)	640	(214.1)

NM: Not meaningful

* Denotes amount lesser than \$1,000

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

	Group		Group	
	Qtr ended 30 Jun		YTD ended 30 Jun	
	2Q 2018	2Q 2017	6MTH 2018	6MTH 2017
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	994	960	1,842	1,908
Amortisation of intangible asset	37	37	74	74
Net (gain) / loss on disposal of property, plant and equipment	(1)	(2)	(1)	(22)
Net foreign exchange loss /(gain)	(352)	5	(219)	14
Finance (income)/expenses:				
Interest income	(120)	(31)	(220)	(59)
Interest on borrowings	1	1	2	1
Unwinding of discount on site restoration provision	5	4	9	8


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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		Change %	Company		Change %
	30 Jun'18 \$'000	31 Dec'17 \$'000		30 Jun'18 \$'000	31 Dec'17 \$'000	
Non-current assets						
Property, plant and equipment	14,218	14,616	(2.7)	14,285	14,658	(2.5)
Intangible asset	669	742	(9.8)	669	742	(9.8)
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	17,113	17,584	(2.7)	19,920	21,117	(5.7)
Current assets						
Inventories	1,319	603	118.7	1,319	603	118.7
Contract work-in-progress	4,388	1,138	285.6	3,501	956	266.2
Trade and other receivables	16,767	15,970	5.0	16,179	15,230	6.2
Cash and cash equivalents	28,238	35,648	(20.8)	22,745	22,030	3.2
Total current assets	50,712	53,359	(5.0)	43,744	38,819	12.7
Total assets	67,825	70,943	(4.4)	63,664	59,936	6.2
Equity attributable to equity holders of the Company						
Share capital	26,254	26,254	-	26,254	26,254	-
Treasury shares	(193)	(118)	63.6	(193)	(118)	63.6
Translation reserve	(2)	2	200.0	-	-	-
Retained earnings	31,745	33,513	(5.3)	21,201	22,969	(7.7)
Total equity attributable to owners of the Company	57,804	59,651	(3.1)	47,262	49,105	(3.8)
Non-controlling interest	5	-	NM	-	-	-
Total equity	57,809	59,651	(3.1)	47,262	49,105	(3.8)
Non-current liabilities						
Loans and borrowings	90	100	(10.0)	90	100	(10.0)
Provision for restoration costs	346	337	2.7	346	337	2.7
Deferred tax liabilities	1,331	1,435	(7.2)	1,334	1,435	(7.0)
Total non-current liabilities	1,767	1,872	(5.6)	1,770	1,872	(5.4)
Current liabilities						
Trade and other payables	8,055	8,198	(1.7)	14,613	8,079	80.9
Excess of progress billings over contract work-in-progress	7	866	(99.2)	-	859	(100.0)
Provision for foreseeable loss	-	2	(100.0)	-	2	(100.0)
Loans and borrowings	19	19	-	19	19	-
Current tax payable	168	335	(49.9)	-	-	-
Total current liabilities	8,249	9,420	(12.4)	14,632	8,959	63.3
Total liabilities	10,016	11,292	(11.3)	16,402	10,831	51.4
Total equity and liabilities	67,825	70,943	(4.4)	63,664	59,936	6.2

NM: Not meaningful

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

30 Jun 2018	
Secured	Unsecured
\$'000	\$'000
19	-

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

Amount repayable after one year

30 Jun 2018	
Secured	Unsecured
\$'000	\$'000
90	-

31 December 2017	
Secured	Unsecured
\$'000	\$'000
100	-

Details of any collateral

The borrowings are 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

	Group		Group	
	2Q 2018	2Q 2017	6MTH 2018	6MTH 2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(252)	609	(822)	696
Adjustments for:				
Depreciation of property, plant and equipment	994	960	1,842	1,908
Interest expense	1	1	2	1
Amortisation of intangible asset	37	37	74	74
Unwinding of discount on site restoration provision	5	4	9	8
Interest income	(120)	(31)	(220)	(59)
Net (gain) / loss on disposal of property, plant and equipment	(1)	(2)	(1)	(22)
Operating cash flow before working capital changes	664	1,578	884	2,606
Changes in inventories	(726)	(149)	(716)	(150)
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	(2,369)	1,589	(4,111)	(628)
Changes in trade and other receivables	(1,109)	(6,963)	(797)	(168)
Changes in trade and other payables	810	(166)	(145)	179
Cash (used in)/generated from operating activities	(2,730)	(4,111)	(4,885)	1,839
Income tax (paid) / refund	(174)	1	(174)	(41)
Net cash (used in)/generated from operating activities	(2,904)	(4,110)	(5,059)	1,798
Cash flows from investing activities				
Interest received	120	31	220	59
Proceeds from disposal of property, plant and equipment	11	3	11	23
Acquisition of property, plant and equipment	(610)	(702)	(1,455)	(1,037)
Net cash used in investing activities	(479)	(668)	(1,224)	(955)
Cash flows from financing activities				
Proceeds from exercise of warrants	-	19	-	30
Proceeds from contribution by non-controlling interest	6	-	6	-
Purchase of treasury shares	(48)	-	(75)	-
Dividends paid in respect of previous year	(1,043)	(859)	(1,043)	(859)
Proceeds from finance lease liabilities	-	131	-	131
Repayments of finance lease liabilities	(5)	(3)	(9)	(3)
Interest paid	(1)	(1)	(2)	(1)
Net cash used in financing activities	(1,091)	(713)	(1,123)	(702)
Net (decrease)/increase in cash and cash equivalents	(4,474)	(5,491)	(7,406)	141
Cash and cash equivalents at beginning of period	32,711	23,845	35,648	18,211
Effect of exchange rate fluctuations on cash held	1	(6)	(4)	(4)
Cash and cash equivalents at end of period	28,238	18,348	28,238	18,348

* Denotes amount less than S\$1,000



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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 (loss) / income for the period								
(Loss) / Profit for the period	-	-	-	-	(725)	(725)	(1)	(726)
Other comprehensive income for the period:-								
Foreign currency translation difference from foreign operations	-	-	-	(4)	-	(4)	-	(4)
Total comprehensive (loss) / income for the period	-	-	-	(4)	(725)	(729)	(1)	(730)
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Purchase of treasury shares	-	(75)	-	-	-	(75)	-	(75)
Dividends	-	-	-	-	(1,043)	(1,043)	-	(1,043)
Total transactions with owners	-	(75)	-	-	(1,043)	(1,118)	-	(1,118)
Changes in non controlling interests								
Capital contribution by non-controlling interests	-	-	-	-	-	-	6	6
Transfer of exchange loss in translation reserve to non-controlling interests	-	-	-	-	-	-	-	-
Total changes in non-controlling interests	-	-	-	-	-	-	6	6
At 30 June 2018	26,254	(193)	-	(2)	31,745	57,804	5	57,809
At 1 January 2017	26,130	-	6	9	32,205	58,350	-	58,350
Total comprehensive income for the period								
Profit for the period	-	-	-	-	644	644	-	644
Other comprehensive income for the period:-								
Foreign currency translation difference from foreign operations	-	-	-	(4)	-	(4)	-	(4)
Total comprehensive (loss) / income for the period	-	-	-	(4)	644	640	-	640
Transactions with owners, recorded directly in equity								
Shares issued for exercise of warrants	31	-	(1)	-	-	30	-	30
Dividends	-	-	-	-	(859)	(859)	-	(859)
Total transactions with owners	31	-	(1)	-	(859)	(829)	-	(829)
At 30 June 2017	26,161	-	5	5	31,990	58,161	-	58,161
The Company								
At 1 January 2018	26,254	(118)	-	22,969		49,105		
Total comprehensive (loss) / income for the period								
(Loss) / Profit for the period	-	-	-	(725)		(725)		
Total comprehensive (loss) / income for the period	-	-	-	(725)		(725)		
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Treasury shares	-	(75)	-	-		(75)		
Dividends	-	-	-	(1,043)		(1,043)		
Total transactions with owners	-	(75)	-	(1,043)		(1,118)		
At 30 June 2018	26,254	(193)	-	21,201		47,262		
At 1 January 2017	26,130	-	6	18,701		44,837		
Total comprehensive (loss) / income for the period								
Profit for the period	-	-	-	181		181		
Total comprehensive (loss) / income for the period	-	-	-	181		181		
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Shares issued for exercise of warrants	31	-	(1)	-		30		
Dividends	-	-	-	(859)		(859)		
Total transactions with owners	31	-	(1)	(859)		(829)		
At 30 June 2017	26,161	-	5	18,023		44,189		

* Denotes amount lesser than \$1,000

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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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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 784,000 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 2,822,000 shares. As at the date of this announcement, no action is taken on the treasury shares.

	As at 30 June 2018	As at 30 June 2017
Issued and paid-up shares		
As at beginning of the period	581,546,400	570,819,100
Shares issued pursuant to exercise of warrants	-	1,966,600
As at end of the period	581,546,400	572,785,700
Treasury shares		
As at beginning of the period	1,638,000	-
Movement during the period	1,184,000	-
As at end of the period	2,822,000	-
Total number of issued shares excluding treasury shares as at the end of the period	578,724,400	572,785,700
Total outstanding warrants as at the end of the period	-	10,605,500

The Company does not have any subsidiary that holds shares issued by the Company.



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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 30 Jun 2018	As at 31 Dec 2017
Total number of shares	581,546,400	581,546,400
Less: Treasury shares	2,822,000	1,638,000
Total number of issued shares excluding treasury shares	578,724,400	579,908,400

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.

Please refer to item 1(d) (ii).

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

Nil

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.

In the current financial period, the Group has adopted the new/revised Singapore Financial Reporting Standards (International) ("SFRS (I)") and the interpretations of SFRS(I) that are effective for annual periods beginning on or after 1 January 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:



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- 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*.

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

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

	Group		Group	
	2Q 2018	2Q 2017	6 MTH 2018	6MTH 2017
EPS (based on consolidated net (loss) /profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	(0.03)	0.09	(0.13)	0.11
- on fully diluted basis (cents)	(0.03)	0.09	(0.13)	0.11
Weighted average number of shares in issue during the period used in computing basic EPS	579,403,867	572,507,071	579,462,800	571,449,059
Weighted average number of shares in issue during the period used in computing diluted EPS	579,403,867	581,284,037	579,462,800	580,226,024

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: -

- (a) current financial period reported on; and**
- (b) immediately preceding financial year**

	Group		Company	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.99	10.29	8.17	8.47
Number of shares (issued and issuable) used in computing net asset value per ordinary share	578,724,400	579,908,400	578,724,400	579,908,400



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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Notes to the statement of comprehensive income

(i) Revenue and profitability

2Q 2018 versus 2Q 2017

Revenue declined by \$7.4 million or 34.3%. The decline was primarily due to (i) lower job volume in view of the continued weak market conditions and (ii) Management, since FY2015, has adopted strict project evaluation criterion, factoring potential risk (or challenges) that may arise during execution into its profit margin calculations.

Cost of sales declined by \$6.4 million or 32.0% and in line with the decline in revenue. Excluding fixed overhead costs (depreciation and rental of hostel for our direct labour), variable costs such as direct labour, subcontractor costs, site expenses and other costs declined significantly by 34.8%. The significant reduction in other variable costs was due to our continuing effort to improve productivity, better utilization of internal resources and less reliance on subcontractors as well as disciplined cost management.

We achieved a gross profit of \$0.6 million (gross profit margin of 3.9%) for 2Q2018 against a gross profit of \$1.5 million (gross profit margin of 7.1%) in 2Q2017. Excluding fixed overhead costs (depreciation and rental of hostel), the contribution margin had improved slightly in 2Q2018, achieving 14.9% against 14.4% in the corresponding period. The decline in gross profit of \$1.0 million was due to lower revenue and gross profit unable to cover a portion of the fixed overhead costs.

6MTH 2018 versus 6MTH 2017

Revenue declined by \$15.3 million or 35.5%. The decline was due to reasons as explained above.

Cost of Sales declined by \$13.6 million or 34.0%. The decline was in line with the overall reduction in revenue. Our efforts to improve productivity, better utilization of internal resources and disciplined costs management have paid off. Overall, there was a 36.5% reduction in variable costs.

Gross profit was lower by \$1.6 million or 56.6%. Gross profit margin declined from 6.6% in 6MTH 2017 to 4.4% in 6MTH 2018. However, contribution margin improved from 13.9% (6MTH 2017) to 15.2% (6MTH 2018).

(ii) Other income

We achieved a lower other income of \$200,000 or 43.9% in the second quarter of 2018. The lower income was due to lower wage credit scheme, lower medical claims and lesser income from sale of scrap.



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Overall other income declined by \$120,000 was due to lower wage credit scheme offset by higher income from sale of scrap.

(iii) Administrative expenses

Administration expenses increased by \$121,000 in the second quarter of 2018 due to higher staff costs arising from increase in headcount, higher advertising expenses and higher general IT expenses.

Overall Administration expenses increased by \$179,000 due to higher staff costs, advertising expenses and general IT expenses.

(iv) Other operating expenses

Other operating expenses include foreign exchange gain and losses. Due to weakening of SGD dollars against the USD dollars, we incurred an exchange gain of \$355,000 in the second quarter.

(v) Finance income and expenses

The Group recorded an interest income of S\$120,000 in 2Q2018 as compared to S\$31,000 in 2Q2017. Higher income due to increase in interest rates and more cash available for deposits placement.

(vi) Income tax credit / (expense)

The Group recorded a tax credit of S\$65,000 in the current quarter as compared to a tax expense of S\$96,000 in the corresponding quarter. The tax credit was due to write back of deferred tax liabilities.

Notes to statements of financial position

Group and Company

(i) Property, plant and equipment (decreased by \$0.4 million)

Additions of fixed assets of \$1.45 million offset by depreciation expense of \$1.8 million. The additions of fixed assets are part of our effort to improve productivity and operational capabilities.

(ii) Intangible asset (decreased by \$0.1 million)

The decrease is due to amortization expense.

(iii) Inventories (increased by \$0.7 million)

The increase in inventories was due mainly to the acquisition of inventories required for the current ongoing job activities.

(iv) Contract work-in-progress (increased by \$4.1 million)

Contract work-in-progress increased to S\$4.1 million as at 30 June 2018 due to more jobs recognized as compared to fewer ongoing projects as at 31 December 2017.



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(v) Trade and other receivables (increased by \$0.8 million)

Included in prepayments is an amount of \$2.2 million being payment to a machine supplier for the purchase of an automated machine to be delivered in the third quarter of 2018. This automated machine is part of our effort to mechanise and automate our prefabrication activities at our current yard.

Trade receivable balances declined by \$0.8 million due to lower billings to customers because of lower job activities offset by the prepayment for the automated machine as explained above.

(vi) Trade and other payables (decreased by \$0.1 million)

The decline in trade and other payables was due mainly to timing of payment to suppliers.

The increase in trade and other payables at the Company level was due to increase in amount owing to a subsidiary of \$6.7 million.

(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 payment of hire purchase amount.

(viii) Provision for foreseeable losses

No provision for foreseeable losses identified as at 30 June 2018.

(ix) Deferred tax liabilities and tax payable

The decline in deferred tax liabilities of \$104,000 was due to write back of deferred tax liabilities.

The decline in tax payable of \$167,000 was mainly due to payment of tax.

(x) Treasury Shares

A total of 1,184,000 treasury shares were purchased for \$75,000 in the first half of 2018.

Notes to cash flow statement

The Group reported a lower cash balance of \$28.2 million as at 30 June 2018. A decline of \$7.4 million from \$35.6 million as at 31 December 2017. The cash outflow incurred due to (i) changes in working capital of \$5.0 million; (ii) additions of plant and equipment of \$1.5 million and (iii) payment of dividends of \$1.0 million.

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.



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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 Board of Directors has been consistent in its disclosures, through the Group's past quarterly result announcements and annual reports, that the Group's core businesses continue to face relentless challenging market conditions such as decreasing volume of work and depressed profit margins.

The Group in the first half of FY 2018, achieved a revenue of \$27.7million (a decrease of 35.5% as compared to the corresponding period) and incurred a loss of \$0.8 million (before taxation) as compared to a profit before taxation of \$0.7 million in the corresponding period.

The Board of Directors believes that this challenging market conditions will persist into the remaining months of FY 2018 and likely to intensify. The ability of the Group to achieve a profitable year for FY 2018 will be challenging under such market conditions. In the event that the Group incurs an operating loss for FY2018, it would be the first time in more than a decade.

The Group's will continue with its current business strategy of only seeking projects that would positively contributes to its profitability. This strategy will affect its revenue negatively. Besides this, the Group will continue to closely manage fixed operating costs and cash flows (the Group has no long term debts other than hire purchase and trade related debts).

The integration of OHM Engineering Pte Ltd (a wholly owned subsidiary) into Mun Siong is on track and will help to better streamline our operations and make further cost savings. The Group will take this opportunity to review and reorganize the divisions within the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No interim dividend for the second quarter ended 30 June 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 six months ended 30 June 2018 is recommended.

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- 13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited. There was no IPT of S\$100,000 and above for the period under review.

- 14. Use of IPO Proceeds**

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

Purpose (Amount in S\$'000)	Amount raised	Change of Use	Utilisation			Total Utilised	Balance
			up to 2017	1st Qtr 2018	2nd Qtr 2018		
To establish a regional presence	4,000	-	(1,875)	(12)	(18)	(1,905)	2,095
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)	(18)	(16,479)	2,421

The use of proceeds is in accordance with its stated use.

- 15. Confirmation pursuant to Rule 705(5).**

The Board of Directors of the Company hereby confirm to their best knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the quarter ended 30 June 2018 to be false or misleading in any material respect.



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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 August 2018