



MUN SIONG ENGINEERING LIMITED

**THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE
PERIOD ENDED 30 SEPTEMBER 2018**



MUN SIONG ENGINEERING LIMITED

(Incorporated in the Republic of Singapore)

(Company registration number: 196900250M)

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THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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 Sept		Incr / (Decr) %	YTD ended 30 Sept		Incr / (Decr) %
	3Q 2018	3Q 2017		9MTH 2018	9MTH 2017	
\$'000	\$'000		\$'000	\$'000		
Revenue	22,257	16,331	36.3	49,991	59,326	(15.7)
Cost of sales	(21,007)	(13,998)	50.1	(47,502)	(54,140)	(12.3)
Gross profit	1,250	2,333	(46.4)	2,489	5,186	(52.0)
Other income	154	146	5.5	715	829	(13.8)
Administrative expenses	(1,455)	(1,500)	(3.0)	(4,509)	(4,376)	3.0
Other operating expenses	28	(9)	NM	250	(23)	NM
Results from operating activities	(23)	970	(102.4)	(1,055)	1,616	(165.3)
Finance income	117	36	225.0	336	95	(253.7)
Finance expenses	(5)	(5)	-	(16)	(14)	14.3
(Loss) / Profit before income tax	89	1,001	(91.1)	(735)	1,697	(143.3)
Income tax credit /(expense)	(249)	(176)	(41.5)	(152)	(228)	(33.3)
(Loss) / Profit after income tax	(160)	825	(119.4)	(887)	1,469	(160.4)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation difference from foreign operations	(1)	(3)	66.7	(5)	(7)	28.6
Total comprehensive (loss) / income	(161)	822	(119.6)	(892)	1,462	(161.0)
(Loss) / Profit attributable to:						
Owners of the Company	(160)	825	(119.4)	(886)	1,469	(160.3)
Non-controlling interest	-	-	NM	(1)	-	NM
	(160)	825	(119.4)	(887)	1,469	(160.4)
Total comprehensive (loss) / income attributable to:						
Owners of the Company	(162)	822	(119.7)	(892)	1,462	(161.0)
Non-controlling interest	1	-	NM	-	-	NM
	(161)	822	(119.6)	(892)	1,462	(161.0)

NM: Not meaningful

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

	Group			Group		
	Qtr ended 30 Sept		Incr / (Decr)	YTD ended 30 Sept		Incr / (Decr)
	3Q 2018	3Q 2017		9MTH 2018	9MTH 2017	
\$'000	\$'000	%	\$'000	\$'000	%	
Depreciation of property, plant and equipment	695	924	(24.8)	2,537	2,832	(10.4)
Amortisation of intangible asset	37	37	-	111	111	-
Net (gain) / loss on disposal of property, plant and equipment	(1)	(24)	95.8	(2)	(46)	95.7
Net foreign exchange loss /(gain)	(28)	9	(411.1)	(247)	23	NM
Finance (income)/expenses:						
Interest income	(116)	(36)	(222.2)	(336)	(95)	(253.7)
Interest on borrowings	-	-	NM	2	1	NM
Unwinding of discount on site restoration provision	5	5	-	14	13	7.7

NM: not meaningful


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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 Sept'18 \$'000	31 Dec'17 \$'000		30 Sept'18 \$'000	31 Dec'17 \$'000	
Non-current assets						
Property, plant and equipment	13,626	14,616	(6.8)	13,760	14,658	(6.1)
Intangible asset	631	742	(15.0)	631	742	(15.0)
Investment properties	1,225	1,225	-	1,225	1,225	-
Goodwill on consolidation	1,001	1,001	-	-	-	-
Deferred tax assets	10	-	NM	-	-	-
Subsidiaries	-	-	-	3,741	4,492	(16.7)
Total non-current assets	16,493	17,584	(6.2)	19,357	21,117	(8.3)
Current assets						
Inventories	349	603	(42.1)	349	603	(42.1)
Contract work-in-progress	7,378	1,138	548.3	6,084	956	536.4
Trade and other receivables	24,007	15,970	50.3	23,804	15,230	56.3
Cash and cash equivalents	21,171	35,648	(40.6)	15,910	22,030	(27.8)
Total current assets	52,905	53,359	(0.9)	46,147	38,819	18.9
Total assets	69,398	70,943	(2.2)	65,504	59,936	9.3
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	(4)	2	300.0	-	-	-
Retained earnings	31,584	33,513	(5.8)	20,812	22,969	(9.4)
Total equity attributable to owners of the Company	57,641	59,651	(3.4)	46,873	49,105	(4.5)
Non-controlling interest	6	-	NM	-	-	-
Total equity	57,647	59,651	(3.4)	46,873	49,105	(4.5)
Non-current liabilities						
Loans and borrowings	86	100	(14.0)	86	100	(14.0)
Provision for restoration costs	350	337	3.9	350	337	3.9
Deferred tax liabilities	1,484	1,435	3.4	1,484	1,435	3.4
Total non-current liabilities	1,920	1,872	2.6	1,920	1,872	2.6
Current liabilities						
Trade and other payables	9,655	8,198	17.8	16,692	8,079	106.6
Excess of progress billings over contract work-in-progress	6	866	(99.3)	-	859	(100.0)
Provision for foreseeable loss	-	2	(100.0)	-	2	(100.0)
Loans and borrowings	19	19	-	19	19	-
Current tax payable	151	335	(54.9)	-	-	-
Total current liabilities	9,831	9,420	4.4	16,711	8,959	86.5
Total liabilities	11,751	11,292	4.1	18,631	10,831	72.0
Total equity and liabilities	69,398	70,943	(2.2)	65,504	59,936	9.3

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

Amount repayable after one year			
30 Sept 2018		31 December 2017	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
86	-	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	
	3Q 2018	3Q 2017	9MTH 2018	9MTH 2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	89	1,001	(735)	1,697
Adjustments for:				
Depreciation of property, plant and equipment	695	924	2,537	2,832
Interest expense	-	-	2	1
Amortisation of intangible asset	37	37	111	111
Unwinding of discount on site restoration provision	5	5	14	13
Interest income	(116)	(36)	(336)	(95)
Net (gain) / loss on disposal of property, plant and equipment	(1)	(24)	(2)	(46)
Operating cash flow before working capital changes	708	1,907	1,590	4,513
Changes in inventories	970	137	254	(13)
Changes in contract work-in-progress and excess of progress billings over contract work-in-progress	(2,991)	10,306	(7,102)	9,678
Changes in trade and other receivables	(7,240)	2,149	(8,038)	1,981
Changes in trade and other payables	1,601	(2,221)	1,456	(2,042)
Cash (used in)/generated from operating activities	(6,952)	12,278	(11,839)	14,117
Income tax (paid) / refund	(123)	-	(297)	(41)
Net cash (used in)/generated from operating activities	(7,075)	12,278	(12,136)	14,076
Cash flows from investing activities				
Interest received	116	36	336	95
Proceeds from disposal of property, plant and equipment	65	23	75	46
Acquisition of property, plant and equipment	(166)	(88)	(1,621)	(1,125)
Net cash (used in)/generated from investing activities	15	(29)	(1,209)	(984)
Cash flows from financing activities				
Proceeds from exercise of warrants	-	88	-	118
Proceeds from contribution by non-controlling interest	-	-	6	-
Purchase of treasury shares	-	-	(75)	-
Dividends paid in respect of previous year	-	-	(1,043)	(859)
Proceeds from finance lease liabilities	-	-	-	131
Repayments of finance lease liabilities	(5)	(5)	(14)	(8)
Interest paid	-	-	(2)	(1)
Net cash (used in)/generated from financing activities	(5)	83	(1,129)	(619)
Net (decrease)/increase in cash and cash equivalents	(7,064)	12,332	(14,474)	12,473
Cash and cash equivalents at beginning of period	28,238	18,348	35,648	18,211
Effect of exchange rate fluctuations on cash held	(3)	(3)	(2)	(7)
Cash and cash equivalents at end of period	21,171	30,677	21,171	30,677

* 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.

	Share capital \$000	Treasury shares \$000	Capital reserve \$000	Currency Translation reserve \$000	Retained earnings \$000	Total \$000	Non-controlling interest \$000	Total equity \$000
2018								
The Group								
Beginning of financial year	26,254	(118)	-	2	33,513	59,651	-	59,651
(Loss)/Profit for the year	-	-	-	-	(886)	(886)	(1)	(887)
Other comprehensive income /(loss) for the year	-	-	-	(6)	-	(6)	1	(5)
Total comprehensive income /(loss) for the year	-	-	-	(6)	(886)	(892)	-	(892)
Purchase of treasury shares	-	(75)	-	-	-	(75)	-	(75)
Capital contribution by non-controlling interests	-	-	-	-	-	-	6	6
Dividends	-	-	-	-	(1,043)	(1,043)	-	(1,043)
Total transactions with owners, recognised directly in equity	-	(75)	-	-	(1,043)	(1,118)	6	(1,112)
At 30 September 2018	26,254	(193)	-	(4)	31,584	57,641	6	57,647
2017								
Beginning of financial year	26,130	-	6	9	32,205	58,350	-	58,350
(Loss)/Profit for the year	-	-	-	-	1,469	1,469	-	1,469
Other comprehensive income /(loss) for the year	-	-	-	(7)	-	(7)	-	(7)
Total comprehensive income for the year	-	-	-	(7)	1,469	1,462	-	1,462
Shares issued for exercise of warrants	124	-	(6)	-	-	118	-	118
Dividends	-	-	-	-	(859)	(859)	-	(859)
Total transactions with owners, recognised directly in equity	124	-	(6)	-	(859)	(741)	-	(741)
At 30 September 2017	26,254	-	-	2	32,815	59,071	-	59,071
2018								
The Company								
Beginning of financial year	26,254	(118)	-	22,969	49,105			
(Loss)/Profit for the year	-	-	-	(1,114)	(1,114)			
Total comprehensive income for the year	-	-	-	(1,114)	(1,114)			
Purchase of treasury shares	-	(75)	-	-	(75)			
Dividends	-	-	-	(1,043)	(1,043)			
Total transactions with owners, recognised directly in equity	-	(75)	-	(1,043)	(1,118)			
At 30 September 2018	26,254	(193)	-	20,812	46,873			
2017								
Beginning of financial year	26,130	-	6	18,701	44,837			
(Loss)/Profit for the year	-	-	-	4,832	4,832			
Total comprehensive income for the year	-	-	-	4,832	4,832			
Shares issued for exercise of warrants	124	-	(6)	-	118			
Dividends	-	-	-	(859)	(859)			
Total transactions with owners, recognised directly in equity	124	-	(6)	(859)	(741)			
At 30 September 2017	26,254	-	-	22,674	48,928			

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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.

The Company did not purchase any shares in the current quarter. At the end of the current period, 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 Sept 2018	As at 30 Sept 2017
Issued and paid-up shares		
As at beginning of the period	581,546,400	572,785,700
Shares issued pursuant to exercise of warrants	-	8,760,700
As at end of the period	<u>581,546,400</u>	<u>581,546,400</u>
Treasury shares		
As at beginning of the period	1,638,000	-
Movement during the period	1,184,000	-
As at end of the period	<u>2,822,000</u>	<u>-</u>
Total number of issued shares excluding treasury shares as at the end of the period	<u>578,724,400</u>	<u>581,546,400</u>
Total outstanding warrants as at the end of the period	<u>-</u>	<u>-</u>

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 Sept 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	
	3Q 2018	3Q 2017	9 MTH 2018	9MTH 2017
EPS (based on consolidated net (loss) /profit attributable to equity holders)				
- on weighted average number of ordinary shares in issue (cents)	(0.03)	0.14	(0.15)	0.26
- on fully diluted basis (cents)	(0.03)	0.14	(0.15)	0.26
Weighted average number of shares in issue during the period used in computing basic EPS	578,724,400	573,818,590	579,213,047	573,134,396
Weighted average number of shares in issue during the period used in computing diluted EPS	578,724,400	573,818,590	579,213,047	573,134,396

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 Sept 2018	31 Dec 2017	30 Sept 2018	31 Dec 2017
Net asset value per ordinary share based on existing issued share capital as at the respective dates (cents)	9.96	10.29	8.10	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

3Q 2018 versus 3Q 2017

Revenue increased by \$5.9 million or 36.3%. The higher revenue in this quarter was mainly due to a short-term turnaround project for a customer. Cost of sales increased by \$7.0 million or 50.1%. The higher costs incurred mostly relate to this project. We had to hire more subcontractors as well as incurring more overtime costs as we were unable to recruit more workers due to manpower quota imposed by Ministry of Manpower. Higher material costs were also incurred for this project.

As part of our cost savings initiative, we have taken active steps to review the useful lives, maintenance costs and the utilization rate of our existing fixed assets. During the quarter, we have managed to reduce the depreciation costs by \$196,000.

Gross profit declined by \$1.1million or 46.4% as compared to corresponding quarter. The gross profit margin in this quarter was 5.6% (3Q2017: gross profit margin was 14.3%). The lower gross profit margin in the current quarter as compared to the corresponding quarter was due to (i) lower margin earned for the above turnaround project and (ii) additional billings for finalization of project in Q32017. Had we excluded these additional billings because of timing, the adjusted gross profit margin in Q32017 would be 9.6%. The decline in Gross Profit margin of 4.0% was due to the Group facing lower margins in view of the high labour costs and continued weak market conditions.

9MTH 2018 versus 9MTH 2017

Revenue declined by \$9.3 million or 15.7%. Consistent with our past announcements, the decline was due to lower job volume in view of the continued weak market conditions.

Cost of Sales declined by \$6.6 million or 12.3% which is relatively in line with the decline in revenue. The Group will continue to closely monitor these costs.

Gross profit was lower by \$2.7 million or 52.0%. Gross profit margin declined from 8.7% in 9MTH 2017 to 4.9% in 9MTH 2018. Contribution profit margin reduced from 16.6% (9MTH2017) to 13.5% (9MTH2018). The lower contribution margin for the current period was due to the above explanations.

(ii) Other income

In the current quarter, other income increased marginally by 5.5%. Overall other income declined by \$114,000 was due to lower wage credit scheme offset by higher income from sale of scrap.



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(iii) Administrative expenses

Administration expenses decreased marginally by \$45,000 or 3.0% in the third quarter of 2018. Overall Administration expenses increased by \$133,000 or 3.0% due to higher staff costs, advertising expenses and general IT expenses.

(iv) Other operating expenses

Other operating expenses include foreign exchange gain and losses. We incurred an exchange gain of \$28,000 in the third quarter. Overall, we incurred an exchange gain of \$247,000 in current period as compared to a loss of \$23,000 in the corresponding period. This is due to weakening of SGD against the USD dollars and the Group holding more USD dollars in the current period.

(v) Finance income and expenses

The Group recorded an interest income of \$116,000 in 3Q2018 as compared to \$36,000 in 3Q2017. 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 expense of \$249,000 in the current quarter, an increase of \$73,000 as compared to the corresponding quarter. The increase is due to current year tax provisions made as well as deferred tax provisions.

For the current period, there was a decrease of tax expenses by \$76,000. This is mainly due to lower tax provision made for the year due to the weak financial performance.

Notes to statements of financial position

Group and Company

(i) Property, plant and equipment (decreased by \$1.0 million)

Additions of fixed assets of \$1.6 million offset by depreciation expense of \$2.6 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 (decreased by \$0.3 million)

The decrease in inventories was due to utilization of materials for the turnaround project in Q32018.

(iv) Net contract work-in-progress (increased by \$7.1 million)

Net contract work-in-progress increased to S\$7.1 million as at 30 September 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 \$8.0 million)

Included in other receivables is an amount of \$2.2 million prepaid to a machine supplier for the purchase of an automated machine which was delivered in the third quarter of 2018. This automated machine is part of our effort to mechanize and automate our prefabrication activities at our current yard. The installation is expected to be completed by next year.

Trade receivable balances increased by \$8.0 million due to more billings to customers because of higher job activities in the 3Q2018 and prepayment for the automated machine as explained above.

(vi) Trade and other payables (increased by \$1.5 million)

The increase in trade and other payables was due to higher job activities in 3Q2018 and timing of payments 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 year was due to payment of hire purchase amount.

(viii) Provision for foreseeable losses

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

(ix) Deferred tax liabilities / assets and tax payable

The increase in deferred tax liabilities of \$49,000 was due to additional provisions made on deferred tax liabilities.

The decline in tax payable of \$184,000 was mainly due to payment of tax offset by current tax provisions.

A deferred tax asset of \$10,000 was recognized by a subsidiary.

(x) Treasury Shares

A total of 1,184,000 treasury shares were purchased for \$75,000 in the current year.

Notes to cash flow statement

The Group reported a lower cash balance of \$21.2 million as at 30 September 2018. A decline of \$14.4 million from \$35.6 million as at 31 December 2017. The cash outflow incurred due to (i) changes in working capital of \$12.1 million; (ii) additions of plant and equipment of \$1.6 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.

For the period ended 30 September 2018, the Group incurred a net loss of \$887,000. As consistently disclosed in the past results announcement, the Board believes that the challenging market conditions will continue to persist for the remaining months as well as into the following year. Margin will continue to be under pressure in these prevailing conditions. The Group will incur a net loss for FY2018.

The Group will continue with its business strategy of seeking projects that would positively contribute to its profitability. The integration of Ohm Engineering Pte Ltd (wholly owned subsidiary) into Mun Siong will further streamline our operations. The cost savings from this integration will only materialize in the follow year. In addition, we will be upgrading our existing Enterprise Resource Planning software to improve the current efficiency and productivity.

The Group has in the past twelve months made approaches into several new markets namely the Americas, North Asia and Malaysia. Potential partners in these markets were identified and discussions on collaborations, and in some cases, are at advanced stages. Our potential partners are typically companies that (i) have already existing operations or providing services to key players in their respective markets (or locations) or (ii) through our active participation (both management and financial support) to reach out to major key players. Our entry strategy includes participating in the share capital (through the provision of equity or debt) and project management capabilities. The Group will make the necessary announcement at the appropriate time.

We are currently in discussion with Jurong Town Corporation (“JTC”) on the possibility of extending the current lease tenure. The existing lease will expire in August 2020. We would like to caution shareholders that there is no assurance that JTC may grant us the lease extension. In the event the lease tenure is not granted, the Group may have to relocate to a new location.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No interim dividend for the third quarter ended 30 September 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 nine months ended 30 September 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	3rd Qtr 2018		
To establish a regional presence	4,000	-	(1,875)	(12)	(18)	(4)	(1,909)	2,091
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)	(4)	(16,483)	2,417

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 September 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 November 2018