



# PEC LTD.

21 Shipyard Road, Singapore 628144  
Tel: 6268 9788 Fax: 6268 9488 www.peceng.com  
Co. Reg. No: 198200079M

## FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 30 June 2016.

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Results for fourth quarter ("Q4") and full year ("FY") ended 30 June 2016:

	Group			Group		
	Q4 2016	Q4 2015	Change	FY 2016	FY 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	142,684	158,518	(10%)	575,078	499,612	15%
Cost of sales	(109,516)	(127,211)	(14%)	(468,942)	(406,606)	15%
<b>Gross profit</b>	<b>33,168</b>	<b>31,307</b>	<b>6%</b>	<b>106,136</b>	<b>93,006</b>	<b>14%</b>
Gross profit margin	23%	20%		18%	19%	
Other operating income	1,404	813	73%	15,093	4,620	227%
Administrative expenses	(9,052)	(6,363)	42%	(30,566)	(26,706)	14%
Other operating expenses	(14,818)	(34,362)	(57%)	(61,949)	(78,204)	(21%)
Finance expenses	(304)	(758)	(60%)	(1,050)	(1,249)	(16%)
Share of results of associates	228	282	(19%)	410	1,298	(68%)
<b>Profit/(loss) before taxation</b>	<b>10,626</b>	<b>(9,081)</b>	<b>NM</b>	<b>28,074</b>	<b>(7,235)</b>	<b>NM</b>
Income tax (expense)/credit	(1,921)	2,642	NM	(5,694)	1,896	NM
<b>Profit/(loss) after taxation</b>	<b>8,705</b>	<b>(6,439)</b>	<b>NM</b>	<b>22,380</b>	<b>(5,339)</b>	<b>NM</b>
<b>Attributable to:</b>						
Equity holders of the Company	8,151	(7,823)	NM	18,800	(6,885)	NM
Non-controlling interests	554	1,384	(60%)	3,580	1,546	132%
	<b>8,705</b>	<b>(6,439)</b>	<b>NM</b>	<b>22,380</b>	<b>(5,339)</b>	<b>NM</b>
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit or loss:						
Net change in fair value reserve	(1)	–	NM	(17)	(9)	89%
Net effect of exchange differences	(1,125)	(454)	148%	(2,628)	2,559	NM
<b>Total other comprehensive income for the year, net of tax</b>	<b>(1,126)</b>	<b>(454)</b>	<b>148%</b>	<b>(2,645)</b>	<b>2,550</b>	<b>NM</b>
<b>Total comprehensive income for the year</b>	<b>7,579</b>	<b>(6,893)</b>	<b>NM</b>	<b>19,735</b>	<b>(2,789)</b>	<b>NM</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	7,238	(8,093)	NM	16,908	(4,747)	NM
Non-controlling interests	341	1,200	(72%)	2,827	1,958	44%
	<b>7,579</b>	<b>(6,893)</b>	<b>NM</b>	<b>19,735</b>	<b>(2,789)</b>	<b>NM</b>

Denotes: NM – not meaningful



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1(a)(ii) The income statement is arrived after crediting / (debiting) the following:-

	Group		Group	
	Q4 2016	Q4 2015	FY 2016	FY 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of land use rights	(7)	(6)	(27)	(23)
Amortisation of intangible assets	(37)	(37)	(149)	(149)
Depreciation of property, plant and equipment	(4,306)	(3,768)	(15,575)	(14,646)
Depreciation of investment property	(46)	(63)	(185)	(191)
Allowance of trade receivables, net	(123)	(17,804)	(2,437)	(16,870)
Reversal/(impairment) of accrued income	174	(546)	(521)	(546)
Interest expense	(140)	(242)	(657)	(549)
Exchange loss, net	(308)	(705)	(3,232)	(622)
(Loss)/gain on disposal of property, plant and equipment, net	(674)	(119)	3,246	221
Gain on disposal of assets held for sale	—	—	6,015	—
Interest income	263	96	1,096	373
Sundry income	1,492	454	2,274	1,249



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## 1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	94,151	97,985	48,117	55,222
Investment property	7,640	7,956	—	—
Investment securities	18	35	18	35
Investment in subsidiaries	—	—	31,759	29,390
Investment in an associate	4,806	4,641	354	354
Intangible assets	1,981	2,087	134	167
Land use rights	684	750	—	—
Prepayments	—	2,534	—	2,534
Deferred tax assets	1,323	1,182	935	635
Amounts due from a subsidiary	—	—	11,896	12,540
	<b>110,603</b>	<b>117,170</b>	<b>93,213</b>	<b>100,877</b>
<b>Current assets</b>				
Assets held for sale	—	2,081	—	—
Contracts-in-progress (net of progress billings)	17,075	35,450	10,979	5,314
Accrued income	20,173	24,995	12,318	17,614
Inventories	621	726	—	—
Trade receivables	87,439	97,299	53,209	48,927
Other receivables and deposits	9,485	10,945	4,476	2,397
Prepayments	4,162	2,775	1,048	599
Amounts due from subsidiaries	—	—	7,952	11,072
Dividend receivable	—	—	4,164	—
Bank deposits pledged	146	348	—	—
Cash and short term deposits	150,467	113,827	42,888	47,515
	<b>289,568</b>	<b>288,446</b>	<b>137,034</b>	<b>133,438</b>
<b>Total Assets</b>	<b>400,171</b>	<b>405,616</b>	<b>230,247</b>	<b>234,315</b>
<b>EQUITIES AND LIABILITIES</b>				
<b>Current liabilities</b>				
Progress billings in excess of costs	45,169	45,091	1,474	961
Trade payables	31,139	39,567	15,505	19,031
Other payables and accruals	64,496	67,251	33,630	26,477
Provisions	2,624	2,796	1,594	1,756
Loans and borrowings	8,861	16,787	25	24
Proposed dividend	568	—	—	—
Income tax payable	3,504	1,108	107	696
	<b>156,361</b>	<b>172,600</b>	<b>52,335</b>	<b>48,945</b>
<b>Net current assets</b>	<b>133,207</b>	<b>115,846</b>	<b>84,699</b>	<b>84,493</b>
<b>Non-current liabilities</b>				
Provisions	1,363	1,363	1,238	1,238
Loans and borrowings	9,284	12,027	66	91
Deferred tax liabilities	756	1,264	—	—
	<b>11,403</b>	<b>14,654</b>	<b>1,304</b>	<b>1,329</b>
<b>Total Liabilities</b>	<b>167,764</b>	<b>187,254</b>	<b>53,639</b>	<b>50,274</b>
<b>Net assets</b>	<b>232,407</b>	<b>218,362</b>	<b>176,608</b>	<b>184,041</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	58,481	58,481	58,481	58,481
Treasury shares	(822)	—	(822)	—
Statutory reserve	1,085	1,085	—	—
Fair value reserve	—	17	—	17
Retained earnings	163,475	147,218	118,648	125,543
Premium paid on acquisition of non-controlling interests	(2,189)	(2,764)	—	—
Foreign currency translation reserve	(884)	991	—	—
Share based payment reserve	301	—	301	—
	<b>219,447</b>	<b>205,028</b>	<b>176,608</b>	<b>184,041</b>
Non-controlling interests	12,960	13,334	—	—
<b>Total Equity</b>	<b>232,407</b>	<b>218,362</b>	<b>176,608</b>	<b>184,041</b>
<b>Total equity and liabilities</b>	<b>400,171</b>	<b>405,616</b>	<b>230,247</b>	<b>234,315</b>



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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

As at 30 June 2016		As at 30 June 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,861	—	16,787	—

#### Amount repayable after one year

As at 30 June 2016		As at 30 June 2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,284	—	12,027	—

#### Detail of any collateral

The Group's borrowings were secured over corporate guarantee and property, plant and equipment.



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## 1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY 2016	FY 2015
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	28,074	(7,235)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	15,575	14,646
Depreciation of investment property	185	191
Gain on disposal of property, plant and equipment	(3,246)	(221)
Gain on disposal of investment property	—	(56)
Gain on disposal of asset held for sale	(6,015)	—
Share based payment	301	—
Allowance of trade receivables, net	2,437	16,870
Loss/(gain) on disposal of intangible asset	3	(192)
Impairment of accrued income	521	546
Provision, net	(367)	(149)
Impairment loss on property, plant and equipment	211	319
Currency realignment	(570)	1,073
Amortisation of land use rights	27	23
Amortisation of intangible assets	149	149
Share of results of associates	(410)	(1,298)
Interest income	(1,096)	(373)
Interest expense	657	549
<b>Operating cash flows before working capital changes</b>	<b>36,436</b>	<b>24,842</b>
Decrease in contracts-in-progress	18,453	50,608
Decrease/(increase) in accrued income	4,301	(7,952)
Decrease/(increase) in inventories	105	(150)
Decrease/(increase) in trade and other receivables, and prepayments	10,047	(50,226)
(Decrease)/increase in trade and other payables and accruals, and provision	(10,421)	17,432
<b>Cash flows generated from operations</b>	<b>58,921</b>	<b>34,554</b>
Tax paid	(3,946)	(1,833)
Interest paid	(657)	(549)
Interest received	1,096	373
<b>Net cash flows generated from operating activities</b>	<b>55,414</b>	<b>32,545</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	5,865	1,940
Proceeds from disposal of investment property	—	467
Proceeds from disposal of intangible assets	19	3
Net cash outflow from disposal of a subsidiary	(40)	—
Proceeds from disposal of asset held for sale	8,097	—
Net cash outflow on acquisition of a subsidiary	(78)	—
Dividend income from associate	245	245
Acquisition of land use rights	—	(43)
Purchase of property, plant and equipment	(11,733)	(17,603)
<b>Net cash flows generated from/(used in) investing activities</b>	<b>2,375</b>	<b>(14,991)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(12,770)	(9,920)
Proceeds from borrowings	22	27,608
Cash outflow on acquisition of non-controlling interest	(1,406)	—
Purchase of treasury shares	(822)	—
Changes in bank deposits pledged	203	(146)
Dividends paid to non-controlling interests	(1,856)	—
Dividends paid on ordinary shares	(2,543)	(5,103)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(19,172)</b>	<b>12,439</b>
<b>Net increase in cash and cash equivalents</b>	<b>38,617</b>	<b>29,993</b>
Effect of exchange rate changes on cash and cash equivalents	(1,156)	810
<b>Cash and cash equivalents at beginning of the year</b>	<b>113,006</b>	<b>82,203</b>
<b>Cash and cash equivalents at end of the year</b>	<b>150,467</b>	<b>113,006</b>



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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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

## GROUP

----- Attributable to owners of the Company -----

	Share Capital	Treasury shares	Statutory Reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non-controlling interests	Foreign currency translation reserve	Share based payment reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2015</b>	<b>58,481</b>	<b>-</b>	<b>1,085</b>	<b>147,218</b>	<b>17</b>	<b>(2,764)</b>	<b>991</b>	<b>-</b>	<b>205,028</b>	<b>13,334</b>	<b>218,362</b>
Total comprehensive income	-	-	-	3,044	(2)	-	964	-	4,006	375	4,381
Additional investment by non-controlling interest	-	-	-	-	-	-	-	-	-	672	672
Purchase of treasury shares	-	(374)	-	-	-	-	-	-	(374)	-	(374)
<b>At 30 September 2015</b>	<b>58,481</b>	<b>(374)</b>	<b>1,085</b>	<b>150,262</b>	<b>15</b>	<b>(2,764)</b>	<b>1,955</b>	<b>-</b>	<b>208,660</b>	<b>14,381</b>	<b>223,041</b>
Total comprehensive income	-	-	-	4,506	(11)	-	(745)	-	3,750	2,582	6,332
Acquisition of non-controlling interest	-	-	-	-	-	575	-	-	575	(1,982)	(1,407)
Purchase of treasury shares	-	(168)	-	-	-	-	-	-	(168)	-	(168)
Dividends on ordinary shares	-	-	-	(2,543)	-	-	-	-	(2,543)	-	(2,543)
<b>At 31 December 2015</b>	<b>58,481</b>	<b>(542)</b>	<b>1,085</b>	<b>152,225</b>	<b>4</b>	<b>(2,189)</b>	<b>1,210</b>	<b>-</b>	<b>210,274</b>	<b>14,981</b>	<b>225,255</b>
Total comprehensive income	-	-	-	3,099	(3)	-	(1,182)	-	1,914	(471)	1,443
Purchase of treasury shares	-	(280)	-	-	-	-	-	-	(280)	-	(280)
<b>At 31 March 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>1,085</b>	<b>155,324</b>	<b>1</b>	<b>(2,189)</b>	<b>28</b>	<b>-</b>	<b>211,908</b>	<b>14,510</b>	<b>226,418</b>
Total comprehensive income	-	-	-	8,151	(1)	-	(912)	-	7,238	341	7,579
Dividend paid to non-controlling interest by a subsidiaries	-	-	-	-	-	-	-	-	-	(1,855)	(1,855)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	4	4
Sale of subsidiary	-	-	-	-	-	-	-	-	-	(40)	(40)
Grant of performance share to employees	-	-	-	-	-	-	-	301	301	-	301
<b>At 30 June 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>1,085</b>	<b>163,475</b>	<b>-</b>	<b>(2,189)</b>	<b>(884)</b>	<b>301</b>	<b>219,447</b>	<b>12,960</b>	<b>232,407</b>



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## GROUP

### ----- Attributable to owners of the Company -----

	Share Capital	Statutory Reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non- controlling interests	Foreign currency translation reserve	Equity attributable to owners of the company, total	Non- controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2014</b>	<b>58,481</b>	<b>1,085</b>	<b>159,206</b>	<b>26</b>	<b>(2,764)</b>	<b>(1,156)</b>	<b>214,878</b>	<b>11,376</b>	<b>226,254</b>
Total comprehensive income	–	–	2,063	2	–	259	2,324	436	2,760
<b>At 30 September 2014</b>	<b>58,481</b>	<b>1,085</b>	<b>161,269</b>	<b>28</b>	<b>(2,764)</b>	<b>(897)</b>	<b>217,202</b>	<b>11,812</b>	<b>229,014</b>
Total comprehensive income	–	–	1,929	(7)	–	953	2,875	577	3,452
Dividends on ordinary shares	–	–	(5,103)	–	–	–	(5,103)	–	(5,103)
<b>At 31 December 2014</b>	<b>58,481</b>	<b>1,085</b>	<b>158,095</b>	<b>21</b>	<b>(2,764)</b>	<b>56</b>	<b>214,974</b>	<b>12,389</b>	<b>227,363</b>
Total comprehensive income	–	–	(3,054)	(4)	–	1,205	(1,853)	(255)	(2,108)
<b>At 31 March 2015</b>	<b>58,481</b>	<b>1,085</b>	<b>155,041</b>	<b>17</b>	<b>(2,764)</b>	<b>1,261</b>	<b>213,121</b>	<b>12,134</b>	<b>225,255</b>
Total comprehensive income	–	–	(7,823)	–	–	(270)	(8,093)	1,200	(6,893)
<b>At 30 June 2015</b>	<b>58,481</b>	<b>1,085</b>	<b>147,218</b>	<b>17</b>	<b>(2,764)</b>	<b>991</b>	<b>205,028</b>	<b>13,334</b>	<b>218,362</b>



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<b>COMPANY</b>	<b>Share Capital</b>	<b>Treasury shares</b>	<b>Retained earnings</b>	<b>Fair value reserve</b>	<b>Share based payment reserve</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>		<b>S\$'000</b>
<b>At 1 July 2015</b>	<b>58,481</b>	<b>–</b>	<b>125,543</b>	<b>17</b>	<b>–</b>	<b>184,041</b>
Total comprehensive income	–	–	(3,592)	(2)	–	(3,594)
Purchase of treasury shares	–	(374)	–	–	–	(374)
<b>At 30 September 2015</b>	<b>58,481</b>	<b>(374)</b>	<b>121,951</b>	<b>15</b>	<b>–</b>	<b>180,073</b>
Total comprehensive income	–	–	(1,125)	(11)	–	(1,136)
Purchase of treasury shares	–	(168)	–	–	–	(168)
Dividends on ordinary shares	–	–	(2,542)	–	–	(2,542)
<b>At 31 December 2015</b>	<b>58,481</b>	<b>(542)</b>	<b>118,284</b>	<b>4</b>	<b>–</b>	<b>176,227</b>
Total comprehensive income	–	–	(1,672)	(3)	–	(1,675)
Purchase of treasury shares	–	(280)	–	–	–	(280)
<b>At 31 March 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>116,612</b>	<b>1</b>	<b>–</b>	<b>174,272</b>
Total comprehensive income	–	–	2,036	(1)	–	2,035
Grant of performance share to employees	–	–	–	–	301	301
<b>At 30 June 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>118,648</b>	<b>–</b>	<b>301</b>	<b>176,608</b>

<b>COMPANY</b>	<b>Share Capital</b>	<b>Retained earnings</b>	<b>Fair value reserve</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>At 1 July 2014</b>	<b>58,481</b>	<b>144,250</b>	<b>26</b>	<b>202,757</b>
Total comprehensive income	–	2,758	2	2,760
<b>At 30 September 2014</b>	<b>58,481</b>	<b>147,008</b>	<b>28</b>	<b>205,517</b>
Total comprehensive income	–	(13)	(7)	(20)
Dividends on ordinary shares	–	(5,103)	–	(5,103)
<b>At 31 December 2014</b>	<b>58,481</b>	<b>141,892</b>	<b>21</b>	<b>200,394</b>
Total comprehensive income	–	(2,475)	(4)	(2,479)
<b>At 31 March 2015</b>	<b>58,481</b>	<b>139,417</b>	<b>17</b>	<b>197,915</b>
Total comprehensive income	–	(13,874)	–	(13,874)
<b>At 30 June 2015</b>	<b>58,481</b>	<b>125,543</b>	<b>17</b>	<b>184,041</b>

**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.**

	<b>Number of Shares</b>	
	<b>As at 30 June 2016</b>	<b>As at 30 June 2015</b>
Issued and fully paid ordinary shares:		
As at beginning of period	255,157,000	255,157,000
Purchase of treasury shares	(2,031,400)	–
As at end of period	<u>253,125,600</u>	<u>255,157,000</u>





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**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.**

	As at 30 June 2016	As at 30 June 2015
Total number of issued shares excluding treasury shares	253,125,600	255,157,000

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period report on.**

Not applicable.

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

The figures have not been audited or reviewed.

**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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as of 30 June 2015.

**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.**

None.

**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	
	Q4 2016	Q4 2015	FY 2016	FY 2015
Earnings per ordinary share of the Group for the year after deducting any provision for preference dividends (in cents):-				
a) Based on weighted average number of ordinary shares on issue; and	3.2	(3.1)	7.4	(2.7)
b) On fully diluted basis *	3.2	(3.1)	7.3	(2.7)

\*The above computation for Q4 2016 and Q4 2015 was based on 257,470,587 and 255,157,000 shares respectively.



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7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year.**

	Group		Company	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	86.7	80.4	69.8	72.1
No. of shares in computing NAV ('000)	253,126	255,157	253,126	255,157



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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.**

### **Financial performance review Q4 and FY 2015-16**

#### **Revenue**

The Group's revenue increased by 15% from S\$499.6 million in FY2015 to S\$575.1 million in FY2016. This was mainly due to an increase in revenue contributed from overseas project works. The increase was partially offset by a decrease in revenue from maintenance services.

#### **Cost of sales**

As revenue increased, the Group's cost of sales also increased by S\$62.3 million from S\$406.6 million in FY2015 to S\$468.9 million in FY2016. The increase was mainly due to subcontractors charges and materials purchased for project works.

#### **Gross profit and gross profit margin**

The Group's gross profit increased by S\$13.1 million from S\$93.0 million in FY2015 to S\$106.1 million in FY2016. This was mainly due to the recognition of variation orders from completed project works in FY2016.

#### **Other operating income**

The Group's other operating income increased by S\$10.5 million from S\$4.6 million in FY2015 to S\$15.1 million in FY2016. The higher other operating income in FY2016 was mainly due to gain on disposal of properties and assets held for sales in FY2016.

#### **Administrative expenses**

Administrative expenses increased by S\$3.9 million from S\$26.7 million in FY2015 to S\$30.6 million in FY2016. This was mainly due to accrual of incentive bonus in FY2016.

#### **Other operating expenses**

Other operating expenses decreased by S\$16.3 million from S\$78.2 million in FY2015 to S\$61.9 million in FY2016. This was substantially due to decrease in allowance for doubtful debts. Other expenses that decreased are workers' accommodation costs, employee welfare expenses, transport expenses and cost of personal protective equipment. The decrease was partially offset by an increase in exchange loss on currencies.

#### **Finance Expenses**

The Group's finance expenses decreased by S\$0.2 million from S\$1.2 million in FY2015 to S\$1.0 million in FY2016. This was mainly due to decrease in bank charges for fewer bank guarantees issuance for the project works.



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### **Share of results of associates**

Share of result of associates decreased by S\$0.9 million from S\$1.3 million in FY2015 to S\$0.4 million in FY2016, due mainly to fewer projects undertaken by the associates.

### **Taxation**

The Group's income tax expense was S\$5.7 million in FY2016 as compared to income tax credit of S\$1.9 million arising from tax losses in FY2015. This was mainly due to higher tax rate on income derived from overseas jurisdictions.

### **Balance Sheet Review**

The Group non-current assets decreased by S\$6.6 million to S\$110.6 million in FY2016. This was due to decrease in property, plant and equipment and prepayments in FY2016.

The Group's current assets increased by S\$1.1 million to S\$289.6 million in FY2016. This was mainly due to increase in prepayment, cash and short term deposits. The increase was offset by a decrease in assets held for sale, contracts-in-progress, accrued income, trade and other receivables.

The Group's current liabilities decreased by S\$16.2 million to S\$156.4 million in FY2016. This was mainly due to a decrease in trade payables, other payables and accruals, loans and borrowings. The decrease was offset by an increase in proposed dividend for minorities of subsidiary and provision for income tax.

The Group's non-current liabilities decreased by S\$3.3 million to S\$11.4 million in FY2016. This was mainly due to decrease of non current loan and borrowings.

### **Cash Flow Review**

Net cash generated from operating activities for the Group in FY2016 was S\$55.4 million after deduction of income tax payment of S\$3.9 million.

Net cash generated from investing activities for the Group in FY2016 was S\$2.4 million. This was mainly attributable to proceeds from disposal of property and assets held for sale, which was partially offset by investment in property, purchase of construction equipment, motor vehicles and office equipment to support the business operation.

The Group had used S\$19.2 million in financing activities in FY2016 which was mainly due to loan repayment, shares acquisition in Malaysia subsidiary and dividends payments.

As a result of the above, there was an increase in cash and cash equivalents of S\$38.6 million to S\$150.5 million in FY2016.

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

Not applicable.



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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 outlook for the global process industry remains challenging in the near to medium term with the continued volatility in crude oil prices. However, we believe that PEC's strategy to expand its overseas presence and enhance its capabilities will put PEC in good stead to secure project opportunities when the industry recovers.

The Group's proven processes, capabilities and network of facilities have enabled it to deliver fast-tracked and technically challenging projects such as LPG projects. The Group is actively participating in several tenders in Asia and the Middle East to build up its orderbook, which stood at S\$161.8 million excluding maintenance contracts as at 30 June 2016.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

The Directors proposed to declare a dividend for the current financial year reported as follows:

	<b>FY2016</b>
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents per share
Special Dividend	1.0 cent per share
Tax rate	One-Tier

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

	<b>FY2015</b>
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	1.0 cent per share
Tax rate	One-Tier

**(c) Date payable**

To be announced later.

**(d) Books closure date**

To be announced later.

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

Not applicable.

**13. Interested person transaction**

No general mandate has been obtained from shareholders for interested person transaction.

**14. Confirmation under Rule 720(1) of the Listing Rules**

The Company has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) as required under Rule 720(1).



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## PART II: Additional information required for Full Year announcement (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

### 15. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recent audited annual financial statements, with comparative information for the immediate preceding year.

The Group Segmental results for the year ended 30 June 2016 is as follows:

#### A) Business Segment

	Project works S\$'000	Plant maintenance and related services S\$'000	Other operations S\$'000	Elimina- tions S\$'000	Total S\$'000
<b>2016</b>					
Revenue	424,893	149,292	893	–	575,078
Inter-segment sales	22,878	1,425	2,150	(26,453)	–
<b>Total revenue</b>	<b>447,771</b>	<b>150,717</b>	<b>3,043</b>	<b>(26,453)</b>	<b>575,078</b>
Results:					
Segment results	72,329	33,577	230	–	106,136
Unallocated expenses					(59,413)
Interest income					1,096
Depreciation and amortisation	(5,398)	(1,868)	(353)	–	(7,619)
Unallocated depreciation and amortisation					(8,317)
Impairment loss on property, plant and equipment	(211)	–	–	–	(211)
Impairment of contract in progress/accrued income	(138)	(383)	–	–	(521)
Impairment of trade receivables	–	(2,311)	(126)	–	(2,437)
Finance costs					(1,050)
Share of results of associates	–	–	410	–	410
Profit before taxation					28,074
Income tax expense					(5,694)
<b>Profit for the year</b>					<b>22,380</b>
<b>2015</b>					
Revenue	335,623	163,206	783	–	499,612
Inter-segment sales	27,278	1,784	2,336	(31,398)	–
<b>Total revenue</b>	<b>362,901</b>	<b>164,990</b>	<b>3,119</b>	<b>(31,398)</b>	<b>499,612</b>
Results:					
Segment results	56,507	36,326	173	–	93,006
Unallocated expenses					(67,919)
Interest income					373
Depreciation and amortisation	(4,107)	(1,889)	(529)	–	(6,525)
Unallocated depreciation and amortisation					(8,484)
Impairment loss on property, plant and equipment	(319)	–	–	–	(319)
Impairment of contract in progress/accrued income	–	(546)	–	–	(546)
Write back/(Impairment) of trade receivables	741	(17,768)	157	–	(16,870)
Finance costs					(1,249)
Share of results of associates	–	–	1,298	–	1,298
Loss before taxation					(7,235)
Income tax credit					1,896
<b>Loss for the year</b>					<b>(5,339)</b>



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## B) Geographical Segment

	Singapore	Malaysia	UAE	Others	Elimina- tions	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2016</b>						
Revenue	235,727	47,983	239,151	52,217	–	575,078
Inter-segment sales	25,917	15	–	521	(26,453)	–
<b>Segment Revenue</b>	<b>261,644</b>	<b>47,998</b>	<b>239,151</b>	<b>52,738</b>	<b>(26,453)</b>	<b>575,078</b>
<b>2015</b>						
Revenue	301,915	65,125	89,897	42,675	–	499,612
Inter-segment sales	30,797	28	–	573	(31,398)	–
<b>Segment Revenue</b>	<b>332,712</b>	<b>65,153</b>	<b>89,897</b>	<b>43,248</b>	<b>(31,398)</b>	<b>499,612</b>
	Singapore	Malaysia	UAE	Others	Elimina- tions	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>2016</b>						
<b>Asset:</b>						
Non-current assets	124,600	4,492	9,853	13,971	(43,654)	109,262
<b>2015</b>						
<b>Asset:</b>						
Non-current assets	131,484	3,394	9,899	13,106	(41,930)	115,953

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The increase in revenue for project works was mainly due to revenue contribution from UAE. The decrease in revenue from maintenance services was mainly due to lower maintenance activities in Singapore.

The increase in margin in Q4 FY2016 was mainly due to improved margin from project works resulting from recognition of variation orders.



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## 17. A breakdown of sales as follows:

	Group		
	FY2016	FY2015	
	S\$'000	S\$'000	Change %
(a) Sales reported for first half year	314,692	242,876	30%
(b) Operating profit after tax before deducting minority interests reported for first half year	10,747	4,693	129%
(c) Sales reported for second half year	260,386	256,736	1%
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	11,633	(10,032)	NM

## 18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	FY2016	FY2015
	S\$'000	S\$'000
Ordinary	5,063	2,542
Special	2,531	—
Total	7,594	2,542

## 19. Disclosure of persons occupying managerial position in the Company or any of its principal subsidiaries who are a relative of a Director or Chief Executive Officer ('CEO') or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any Director, CEO and/or Substantial Shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Patricia Ko Poh Cheng	51	Sister of Edna Ko Poh Thim, Chairman and Substantial Shareholder of the Company	(i) Employed on consultancy basis for the Company in relation to its China business since 2002. (ii) General Manager of PEC Technology Consultancy Services (Huizhou) Ltd since 2004. (iii) General Manager of PEC Construction Equipment Leasing Company (Huizhou) Ltd since 2005. (iv) Executive Director of Huizhou Tianxin Petrochemical Engineering Co., Ltd since 2005.	None

**BY ORDER OF THE BOARD**  
Edna Ko Poh Thim  
Executive Chairman  
29<sup>th</sup> August 2016