# 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 2014

**The Directors are pleased to announce the operating results of the Group and the Company for the full year ended 30 June 2014.**

**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 2014:**

| | Group | | | Group | | |
|---|---|---|---|---|---|---|
| | Q4 2014 | Q4 2013 | Change | FY 2014 | FY 2013 | Change |
| | S$'000 | S$'000 | % | S$'000 | S$'000 | % |
| **Revenue** | 122,493 | 146,443 | (16%) | 439,717 | 544,837 | (19%) |
| Cost of sales | (96,720) | (126,818) | (24%) | (343,195) | (457,878) | (25%) |
| **Gross profit** | **25,773** | **19,625** | **31%** | **96,522** | **86,959** | **11%** |
| Gross profit margin | 21% | 13% | | 22% | 16% | |
| Other operating income | 3,411 | 8,700 | (61%) | 7,242 | 11,885 | (39%) |
| Administrative expenses | (7,589) | (6,981) | 9% | (30,151) | (28,416) | 6% |
| Other operating expenses | (17,056) | (16,864) | 1% | (61,173) | (56,405) | 8% |
| Finance expenses | (87) | (140) | (38%) | (393) | (356) | 10% |
| Share of results of associates | 1,028 | 99 | 938% | 1,307 | 102 | 1181% |
| Share of results of joint ventures | 22 | (66) | NM | (76) | 23 | NM |
| **Profit before taxation** | **5,502** | **4,373** | 26% | **13,278** | **13,792** | (4%) |
| Income tax | (129) | 1,211 | NM | (3,244) | (762) | 326% |
| **Profit after taxation** | **5,373** | **5,584** | (4%) | **10,034** | **13,030** | (23%) |
| **Attributable to:** | | | | | | |
| Equity holders of the Company | 3,676 | 5,061 | (27%) | 9,059 | 12,322 | (26%) |
| Non-controlling interests | 1,697 | 523 | 224% | 975 | 708 | 38% |
| | **5,373** | **5,584** | (4%) | **10,034** | **13,030** | (23%) |
| **Other comprehensive income:** | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | |
| Net change in fair value reserve | – | (18) | (100%) | (2) | (33) | (94%) |
| Net effect of exchange differences | (160) | (22) | 627% | (430) | (145) | 197% |
| **Total other comprehensive income for the year, net of tax** | (160) | (40) | 300% | (432) | (178) | 143% |
| **Total comprehensive income for the year** | **5,213** | **5,544** | (6%) | **9,602** | **12,852** | (25%) |
| **Total comprehensive income attributable to:** | | | | | | |
| Equity holders of the Company | 3,549 | 4,827 | (26%) | 8,734 | 12,011 | (27%) |
| Non-controlling interests | 1,664 | 717 | 132% | 868 | 841 | 3% |
| | **5,213** | **5,544** | (6%) | **9,602** | **12,852** | (25%) |

Denotes: NM – not meaningful

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

| | Group | | Group | |
|---|---|---|---|---|
| | Q4 2014 | Q4 2013 | FY 2014 | FY 2013 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| Amortisation of land use rights | (5) | (6) | (22) | (23) |
| Amortisation of intangible assets | (65) | (8) | (90) | (33) |
| Depreciation of property, plant and equipment | (3,901) | (2,510) | (14,521) | (11,328) |
| Depreciation of investment property | (142) | – | (142) | – |
| Impairment of trade receivables, net | (639) | (133) | (2,826) | (214) |
| Bad debts | (34) | (3) | (35) | (52) |
| Interest expense | (53) | (1) | (175) | (67) |
| Exchange (loss)/gain, net | (51) | 1,292 | (496) | 1,096 |
| Net fair value loss on derivative financial instruments | – | – | – | (13) |
| (Loss)/gain on disposal of property, plant and equipment | (116) | 7,126 | 761 | 8,352 |
| Interest income | 97 | 142 | 483 | 536 |
| Sundry income | 1,335 | 1,276 | 3,374 | 2,423 |
| Impairment of goodwill | – | (2,224) | – | (2,224) |

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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 2014 | 30 Jun 2013 | 30 Jun 2014 | 30 Jun 2013 |
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 97,952 | 109,266 | 61,946 | 66,370 |
| Investment property | 7,293 | – | – | – |
| Investment securities | 44 | 46 | 44 | 46 |
| Investment in subsidiaries | – | – | 29,610 | 29,755 |
| Investment in joint ventures | – | 557 | – | – |
| Investment in associates | 3,588 | 2,564 | 354 | 354 |
| Intangible assets | 2,240 | 1,733 | 202 | 235 |
| Land use rights | 670 | 701 | – | – |
| Prepayments | 2,285 | – | 2,285 | – |
| Deferred tax assets | 394 | – | – | – |
| Amounts due from a subsidiary | – | – | 12,140 | 10,540 |
| | 114,466 | 114,867 | 106,581 | 107,300 |
| **Current assets** | | | | |
| Contracts-in-progress (net of progress billings) | 57,706 | 58,670 | 41,661 | 26,486 |
| Inventories | 564 | 489 | – | – |
| Trade receivables | 68,524 | 93,963 | 45,114 | 55,691 |
| Other receivables and deposits | 5,071 | 6,511 | 2,490 | 3,922 |
| Prepayments | 3,064 | 1,330 | 677 | 916 |
| Amounts due from subsidiaries | – | – | 15,140 | 16,035 |
| Bank deposits pledged | 202 | – | – | – |
| Cash and short term deposits | 82,175 | 80,149 | 48,268 | 53,183 |
| | 217,306 | 241,112 | 153,350 | 156,233 |
| **Total Assets** | **331,772** | **355,979** | **259,931** | **263,533** |
| **EQUITIES AND LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Progress billings in excess of costs | 1,529 | 5,868 | 75 | 993 |
| Trade payables | 28,548 | 42,822 | 17,160 | 24,372 |
| Other payables and accruals | 59,410 | 68,364 | 33,435 | 40,789 |
| Provisions | 5,298 | 5,404 | 2,972 | 3,060 |
| Loan and borrowings | 582 | 3,167 | – | – |
| Income tax payable | 2,411 | 864 | 2,098 | 507 |
| | 97,778 | 126,489 | 55,740 | 69,721 |
| **Net current assets** | 119,528 | 114,623 | 97,610 | 86,512 |
| **Non-current liabilities** | | | | |
| Loans and borrowings | 5,525 | 3,248 | – | – |
| Deferred tax liabilities | 2,903 | 2,888 | 1,434 | 2,554 |
| | 8,428 | 6,136 | 1,434 | 2,554 |
| **Total Liabilities** | **106,206** | **132,625** | **57,174** | **72,275** |
| **Net assets** | **225,566** | **223,354** | **202,757** | **191,258** |
| **Equity attributable to equity holders of the Company** | | | | |
| Share capital | 58,481 | 58,481 | 58,481 | 58,481 |
| Statutory reserve | 1,085 | 1,085 | – | – |
| Fair value reserve | 26 | 28 | 26 | 28 |
| Retained earnings | 158,250 | 155,542 | 144,250 | 132,749 |
| Premium paid on acquisition of non-controlling interests | (2,764) | (2,698) | – | – |
| Foreign currency translation reserve | (1,042) | (719) | – | – |
| | **214,036** | **211,719** | **202,757** | **191,258** |
| Non-controlling interests | 11,530 | 11,635 | – | – |
| **Total Equity** | **225,566** | **223,354** | **202,757** | **191,258** |
| **Total equity and liabilities** | **331,772** | **355,979** | **259,931** | **263,533** |

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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 2014 | | As at 30 June 2013 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| S$'000 | S$'000 | S$'000 | S$'000 |
| 582 | – | 3,167 | – |

**Amount repayable after one year**

| As at 30 June 2014 | | As at 30 June 2013 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| S$'000 | S$'000 | S$'000 | S$'000 |
| 5,525 | – | 3,248 | – |

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 2014 | FY 2013 |
| | S$'000 | S$'000 |
| **Cash flows from operating activities** | | |
| Profit before taxation | 13,278 | 13,792 |
| *Adjustments for:* | | |
| Depreciation of property, plant and equipment | 14,521 | 11,328 |
| Depreciation of investment property | 142 | – |
| Gain on disposal of property, plant and equipment | (761) | (8,352) |
| Impairment of trade receivables, net | 2,826 | 214 |
| Provision, net | (68) | 1,501 |
| Impairment of goodwill | – | 2,224 |
| Currency realignment | (73) | 131 |
| Net fair value loss on derivative financial instruments | – | 13 |
| Amortisation of land use rights | 22 | 23 |
| Amortisation of intangible assets | 90 | 33 |
| Share of results of associates | (1,307) | (102) |
| Share of results of joint ventures | 76 | (23) |
| Interest income | (483) | (536) |
| Interest expense | 175 | 67 |
| **Operating cash flows before working capital changes** | **28,438** | **20,313** |
| (Increase)/decrease in contracts-in-progress | (3,375) | 5,227 |
| Increase in inventories | (75) | (123) |
| Decrease/(increase) in trade and other receivables, and prepayments | 22,321 | (43,930) |
| (Decrease)/increase in trade and other payables and accruals, and provision | (23,228) | 22,321 |
| **Cash flows generated from operations** | **24,081** | **3,808** |
| Tax paid | (2,076) | (4,247) |
| Interest paid | (175) | (67) |
| Interest received | 483 | 536 |
| **Net cash flows generated from operating activities** | **22,313** | **30** |
| **Cash flows from investing activities** | | |
| Proceeds from disposal of property, plant and equipment | 1,456 | 20,107 |
| Proceeds from disposal of joint venture | 481 | – |
| Net cash outflow on acquisition of non-controlling interests | (160) | – |
| Dividend income from associate | 245 | 245 |
| Acquisition of intangible assets | (598) | – |
| Advance payment to purchase property, plant and equipment | (2,285) | – |
| Purchase of investment property | (2,603) | – |
| Purchase of property, plant and equipment | (8,919) | (52,124) |
| **Net cash flows used in investing activities** | **(12,383)** | **(31,772)** |
| **Cash flows from financing activities** | | |
| (Repayment)/proceeds from borrowings | (472) | 4,099 |
| Additional investments by subsidiaries' minority shareholders | 25 | 91 |
| Increase in bank deposits pledged | (202) | 101 |
| Dividends paid to non-controlling interests | (876) | (124) |
| Dividends paid on ordinary shares | (6,379) | (6,379) |
| **Net cash flows used in financing activities** | **(7,904)** | **(2,212)** |
| **Net increase/(decrease) in cash & cash equivalents** | **2,026** | **(33,954)** |
| **Cash & cash equivalents at beginning of the year** | **80,149** | **114,103** |
| **Cash & cash equivalents at end of the year** | **82,175** | **80,149** |

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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** | **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** |
| **At 1 July 2013** | **58,481** | **1,085** | **155,542** | **28** | (2,698) | **(719)** | **211,719** | **11,635** | **223,354** |
| Total comprehensive income | – | – | 2,390 | 1 | – | (570) | 1,821 | (1,326) | 495 |
| **At 30 September 2013** | **58,481** | **1,085** | **157,932** | **29** | **(2,698)** | **(1,289)** | **213,540** | **10,309** | **223,849** |
| Total comprehensive income | – | – | 1,736 | – | – | 589 | 2,325 | 655 | 2,980 |
| Acquisition of non-controlling interests without change in control | – | – | – | – | (66) | – | (66) | 16 | (50) |
| Additional investment by non-controlling interest | – | – | – | – | – | – | – | 25 | 25 |
| Dividends on ordinary shares | – | – | (6,379) | – | – | – | (6,379) | – | (6,379) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | (676) | (676) |
| Dilution of interest in subsidiary | – | – | 28 | – | – | – | 28 | (28) | – |
| **At 31 December 2013** | **58,481** | **1,085** | **153,317** | **29** | **(2,764)** | **(700)** | **209,448** | **10,301** | **219,749** |
| Total comprehensive income | – | – | 1,257 | (3) | – | (215) | 1,039 | (125) | 914 |
| Acquisition of non-controlling interests without change in control | – | – | – | – | – | – | – | (110) | (110) |
| **At 31 March 2014** | **58,481** | **1,085** | **154,574** | **26** | **(2,764)** | **(915)** | **210,487** | **10,066** | **220,553** |
| Total comprehensive income | – | – | 3,676 | – | – | (127) | 3,549 | 1,664 | 5,213 |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | (200) | (200) |
| **At 30 June 2014** | **58,481** | **1,085** | **158,250** | **26** | **(2,764)** | **(1,042)** | **214,036** | **11,530** | **225,566** |

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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** |
| **At 1 July 2012** | **58,481** | **1,073** | **149,557** | **61** | **(2,698)** | **(441)** | **206,033** | **10,881** | **216,914** |
| Total comprehensive income | – | – | 3,302 | (10) | – | (264) | 3,028 | (71) | 2,957 |
| Additional investment by non-controlling interest | – | – | – | – | – | – | – | 55 | 55 |
| Dilution of interest in subsidiary | – | – | 31 | – | – | – | 31 | (31) | – |
| **At 30 September 2012** | **58,481** | **1,073** | **152,890** | **51** | **(2,698)** | **(705)** | **209,092** | **10,834** | **219,926** |
| Total comprehensive income | – | – | 2,613 | - | – | (325) | 2,288 | (119) | 2,169 |
| Additional investment by non-controlling interest | – | – | – | – | – | – | – | 35 | 35 |
| Dividends on ordinary shares | – | – | (6,379) | – | – | – | (6,379) | – | (6,379) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | (102) | (102) |
| Dilution of interest in subsidiary | – | – | 23 | – | – | – | 23 | (23) | – |
| **At 31 December 2012** | **58,481** | **1,073** | **149,147** | **51** | **(2,698)** | **(1,030)** | **205,024** | **10,625** | **215,649** |
| Total comprehensive income | – | – | 1,346 | (5) | – | 466 | 1,807 | 314 | 2,121 |
| Transfer to statutory reserves | – | 12 | (12) | – | – | – | – | – | – |
| **At 31 March 2013** | **58,481** | **1,085** | **150,481** | **46** | **(2,698)** | **(564)** | **206,831** | **10,939** | **217,770** |
| Total comprehensive income | – | – | 5,061 | (18) | – | (155) | 4,888 | 717 | 5,605 |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | (21) | (21) |
| **At 30 June 2013** | **58,481** | **1,085** | **155,542** | **28** | **(2,698)** | **(719)** | **211,719** | **11,635** | **223,354** |

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| COMPANY | Share Capital | Retained earnings | Fair value reserve | Total |
|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **At 1 July 2013** | **58,481** | **132,749** | **28** | **191,258** |
| Total comprehensive income | – | 6,109 | 1 | 6,110 |
| **At 30 September 2013** | **58,481** | **138,858** | **29** | **197,368** |
| Total comprehensive income | – | 3,513 | – | 3,513 |
| Dividends on ordinary shares | – | (6,379) | – | (6,379) |
| **At 31 December 2013** | **58,481** | **135,992** | **29** | **194,502** |
| Total comprehensive income | – | 3,383 | (3) | 3,380 |
| **At 31 March 2014** | **58,481** | **139,375** | **26** | **197,882** |
| Total comprehensive income | – | 4,875 | – | 4,875 |
| **At 30 June 2014** | **58,481** | **144,250** | **26** | **202,757** |

| COMPANY | Share Capital | Retained earnings | Fair value reserve | Total |
|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 |
| **At 1 July 2012** | **58,481** | **120,007** | **61** | **178,549** |
| Total comprehensive income | – | 1,545 | (10) | 1,535 |
| **At 30 September 2012** | **58,481** | **121,552** | **51** | **180,084** |
| Total comprehensive income | – | 3,881 | – | 3,881 |
| Dividends on ordinary shares | – | (6,379) | – | (6,379) |
| **At 31 December 2012** | **58,481** | **119,054** | **51** | **177,586** |
| Total comprehensive income | – | 7,060 | (5) | 7,055 |
| **At 31 March 2013** | **58,481** | **126,114** | **46** | **184,641** |
| Total comprehensive income | – | 6,635 | (18) | 6,617 |
| **At 30 June 2013** | **58,481** | **132,749** | **28** | **191,258** |

**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 treasure 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.**

| | Number of Shares | |
|---|---|---|
| Issued and fully paid ordinary shares: | As at 30 June 2014 | As at 30 June 2013 |
| As at beginning and end of the year | 255,157,000 | 255,157,000 |

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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 2014 | As at 30 June 2013 |
|---|---|---|
| Total number of issued shares excluding treasury shares | 255,157,000 | 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 2013.

**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 2014** | **Q4 2013** | **FY 2014** | **FY 2013** |
| 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 | 1.4 | 2.0 | 3.6 | 4.8 |
| b) On fully diluted basis | 1.4 | 2.0 | 3.6 | 4.8 |

The above computation for Q4 2014 and Q4 2013 was based on 255,157,000 weighted average number of shares.

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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 2014 | 30 Jun 2013 | 30 Jun 2014 | 30 Jun 2013 |
| Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents) | 83.9 | 83.0 | 79.5 | 75.0 |
| No. of shares in computing NAV ('000) | 255,157 | 255,157 | 255,157 | 255,157 |

**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 FY2014**

**Revenue**

The Group's revenue decreased by 19% from S$544.8 million in FY2013 to S$439.7 million in FY2014. This was mainly due to revenue decrease from project works.

**Cost of sales**

As a result of a decrease in the Group's revenue, the Group's cost of sales decreased by 25% from S$457.9 million in FY2013 to S$343.2 million in FY2014.

The decrease in cost of sales was mainly due to decrease in labour cost and materials cost in project works segment as a result of projects completion.

**Gross profit and gross profit margin**

The Group's gross profit increased by S$9.5 million from S$87.0 million in FY2013 to S$96.5 million in FY2014. The Group's gross profit margin increased from 16% in FY2013 to 22% in FY2014.

This was mainly due to claims for past variation works for projects which were finalized and recognized in FY2014.

**Other operating income**

Other operating income decreased by S$4.7 million from S$11.9 million in FY2013 to S$7.2 million in FY2014. This was mainly due to gain from disposal of fabrication facility at 6 Tuas View Circuit in FY2013.

**Administrative expenses**

Administrative expenses increased by S$1.7million from S$28.4 million in FY2013 to S$30.1 million in FY2014, mainly due to increase in staff salaries and general administrative expenses.

**Other operating expenses**

Other operating expenses increased by S$4.8 million from S$56.4 million in FY2013 to S$61.2 million in FY2014.

This was mainly due to increase in depreciation, allowance for doubtful debt and impairment on contract in progress which was offset by a decrease in impairment of intangible asset.

**Share of results of associates**

Share of results of associates increased by S$1.2 million from S$0.1 million in FY2013 to S$1.3 million in FY2014 which was mainly due to share of profit from PEI and PECI Thailand.

**Taxation**

The Group's effective tax rate of our Group increased from 5.5% in FY2013 to 24.4% in FY2014. There was a lower tax rate in FY2013 as significant part of the profit was derived from capital gains on disposal of properties, and utilization of tax incentive in FY2013. The higher effective tax rate in FY2014 was mainly due to an under provision in FY2013 and a higher taxable profit from entities in foreign tax jurisdictions with higher tax rates.

**Profit attributable to shareholders**

The Group's profit attributable to shareholders decreased by S$3.2 million from S$12.3 million in FY2013 to S$9.1 million in FY2014. This was mainly due to an increase in other operating expenses, administrative expenses, income tax and a decrease in other operating income.

**Balance Sheet Review**

The Group's current assets decreased by S$23.8 million to S$217.3 million in FY2014. This was mainly due to decrease in trade receivables which was offset by an increase in cash and short term deposits.

The Group's current liabilities decreased by S$28.7 million to S$97.8 million in FY2014. This was mainly due to the decrease in trade payables, other payables and accruals.

The Group's non-current liabilities increased by S$2.3 million to S$8.4 million in FY2014, mainly due to an increase in bank borrowings.

**Cash Flow Review**

Cash flows generated from operating activities for the Group in FY2014 was S$22.3 million after deduction of income tax payment of S$2.1 million.

Net cash flows used in investing activities for the Group in FY2014 was S$12.4 million. This was mainly attributable to new investment property, workshop and office renovation, purchase of construction equipment and motor vehicles to support the business operation.

The Group had used S$7.9 million in financing activities in FY2014 which was mainly due to payment of dividends to shareholders.

As a result of the above, there was an increase in cash and cash equivalents of S$2.0 million from S$80.1 million in FY2013 to S$82.1 million in FY2014.

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

Not Applicable.

**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.**

FY14 was another difficult year, with little relief from rising costs and keen competition. Continuing global uncertainties and weaker growth in major economies have led to deferment in capital expenditure for new investments as well as delays in project awards. This will continue to weigh on the sector outlook for the next 12 months.

To counter these challenges, we are reviewing every aspect of our business with a view to streamline and further integrate our operations to improve efficiencies. To boost revenues, we are stepping up efforts to build on the PEC brand and strengthening our network in Asia and the Middle East. As at 30 June 2014, the Group's orderbook was S$220.9 million, excluding maintenance contracts.

**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:

| | **FY2014** |
|---|---|
| Name of dividend | Final |
| Dividend type | Cash |
| Ordinary Dividend | 2.0 cents 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

| | **FY2013** |
|---|---|
| Name of dividend | Final |
| Dividend type | Cash |
| Ordinary Dividend | 2.5 cents 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.

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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)**

**14. 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 2014 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 |
|---|---|---|---|---|---|
| **2014** | | | | | |
| Revenue | 298,678 | 140,225 | 814 | – | 439,717 |
| Inter-segment sales | 29,164 | 576 | 3,309 | (33,049) | – |
| **Total revenue** | **327,842** | **140,801** | **4,123** | **(33,049)** | **439,717** |
| Results: | | | | | |
| Segment results | 67,365 | 29,055 | 102 | – | 96,522 |
| Unallocated expenses | | | | | (78,499) |
| Interest income | | | | | 483 |
| Depreciation and amortisation | (3,970) | (1,620) | (476) | – | (6,066) |
| Impairment of goodwill | | | | | – |
| Finance costs | | | | | (393) |
| Share of results of associates | 39 | – | 1,268 | – | 1,307 |
| Share of results of joint ventures | – | – | (76) | – | (76) |
| Profit before taxation | | | | | 13,278 |
| Tax expense | | | | | (3,244) |
| **Profit for the year** | | | | | **10,034** |
| **2013** | | | | | |
| Revenue | 397,910 | 146,213 | 714 | – | 544,837 |
| Inter-segment sales | 25,900 | 4,765 | 3,272 | (33,937) | – |
| **Total revenue** | **423,810** | **150,978** | **3,986** | **(33,937)** | **544,837** |
| Results: | | | | | |
| Segment results | 56,747 | 30,089 | 123 | – | 86,959 |
| Unallocated expenses | | | | | (65,552) |
| Interest income | | | | | 536 |
| Depreciation and amortisation | (3,677) | (1,571) | (448) | – | (5,696) |
| Impairment of goodwill | – | – | (2,224) | – | (2,224) |
| Finance costs | – | – | – | – | (356) |
| Share of results of associates | (682) | – | 784 | – | 102 |
| Share of results of joint ventures | – | – | 23 | – | 23 |
| Profit before taxation | | | | | 13,792 |
| Tax expense | | | | | (762) |
| **Profit for the year** | | | | | **13,030** |

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| | Project works S$'000 | Plant maintenance and related services S$'000 | Other operations S$'000 | Total S$'000 |
|---|---|---|---|---|
| **2014** | | | | |
| **Asset and liabilities:** | | | | |
| Segment assets | 93,708 | 34,213 | 234 | 128,155 |
| Investment in joint ventures | – | – | – | – |
| Investment in associates | – | – | 3,588 | 3,588 |
| Unallocated assets | – | – | – | 200,029 |
| **Total Assets** | **93,708** | **34,213** | **3,822** | **331,772** |
| Segment liabilities | (58,862) | (23,414) | (837) | (83,113) |
| Unallocated liabilities | – | – | – | (23,093) |
| **Total liabilities** | **(58,862)** | **(23,414)** | **(837)** | **(106,206)** |
| **Other segment information:** | | | | |
| Capital expenditure: | | | | |
| - Tangible assets | – | – | – | 13,807 |
| Depreciation and amortisation | 3,970 | 1,620 | 476 | 6,066 |
| Unallocated depreciation and amortisation | – | – | – | 8,709 |
| **2013** | | | | |
| **Asset and liabilities:** | | | | |
| Segment assets | 108,489 | 44,451 | 171 | 153,111 |
| Investment in associates | – | – | 2,564 | 2,564 |
| Investment in joint ventures | – | – | 557 | 557 |
| Unallocated assets | – | – | – | 199,747 |
| **Total Assets** | **108,489** | **44,451** | **3,292** | **355,979** |
| Segment liabilities | (81,830) | (29,476) | (2,745) | (114,051) |
| Unallocated liabilities | – | – | – | (18,574) |
| **Total liabilities** | **(81,830)** | **(29,476)** | **(2,745)** | **(132,625)** |
| **Other segment information:** | | | | |
| Capital expenditure: | | | | |
| - Tangible assets | – | – | – | 52,124 |
| Depreciation and amortisation | 3,677 | 1,571 | 447 | 5,695 |
| Unallocated depreciation and amortisation | – | – | – | 5,689 |

B) Geographical Segment

| | Singapore | Middle East | Asia Pacific (other than Singapore) and Africa | Europe | Elimina-tions | Total |
|---|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **2014** | | | | | | |
| Revenue | 350,521 | 25,776 | 63,420 | – | – | 439,717 |
| Inter-segment sales | 32,323 | – | 726 | – | (33,049) | – |
| **Segment Revenue** | **382,844** | **25,776** | **64,146** | **–** | **(33,049)** | **439,717** |
| **2013** | | | | | | |
| Revenue | 394,662 | 60,512 | 89,520 | 143 | – | 544,837 |
| Inter-segment sales | 33,193 | – | 744 | – | (33,937) | – |
| **Segment Revenue** | **427,855** | **60,512** | **90,264** | **143** | **(33,937)** | **544,837** |

| | Singapore | Middle East | Asia Pacific (other than Singapore) and Africa | Europe | Total |
|---|---|---|---|---|---|
| | S$'000 | S$'000 | S$'000 | S$'000 | S$'000 |
| **2014** | | | | | |
| **Asset:** | | | | | |
| Segment assets | 263,976 | 16,893 | 47,294 | 21 | 328,184 |
| Investment in associates | 3,588 | – | – | – | 3,588 |
| Investment in joint ventures | – | – | – | – | – |
| **Total Assets** | **267,564** | **16,893** | **47,294** | **21** | **331,772** |
| **Other segment information:** | | | | | |
| Capital expenditure: | | | | | |
| - Tangible assets | – | – | – | – | 13,807 |
| Depreciation and amortisation | 11,658 | 1,070 | 2,046 | 1 | 14,775 |
| **2013** | | | | | |
| **Asset:** | | | | | |
| Segment assets | 273,541 | 24,116 | 55,191 | 10 | 352,858 |
| Investment in joint ventures | 557 | – | – | – | 557 |
| Investment in associates | 2,564 | – | – | – | 2,564 |
| **Total Assets** | **276,662** | **24,116** | **55,191** | **10** | **355,979** |
| **Other segment information:** | | | | | |
| Capital expenditure: | | | | | |
| - Tangible assets | – | – | – | – | 52,124 |
| Depreciation and amortisation | 8,578 | 932 | 1,874 | – | 11,384 |

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**15. 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 decrease in revenue from project works in FY2014 was mainly attributable to completion of some sizable projects across various geographical segments.

The increase in gross profit and gross profit margin in FY2014 was mainly due to settlement of variation works for projects.

**16. A breakdown of sales as follows:**

| | Group | | |
|---|---|---|---|
| | FY2014 | FY2013 | |
| | S$'000 | S$'000 | Change % |
| (a) Sales reported for first half year | 212,974 | 264,316 | (19%) |
| (b) Operating profit after tax before deducting minority interests reported for first half year | 3,432 | 5,861 | (41%) |
| (c) Sales reported for second half year | 226,743 | 280,521 | (19%) |
| (d) Operating profit after tax before deducting minority interests reported for second half year | 6,602 | 7,169 | (8%) |

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

| | FY2014 | FY2013 |
|---|---|---|
| | S$'000 | S$'000 |
| Ordinary | 5,103 | 6,379 |
| Special | – | – |
| Total | 5,103 | 6,379 |

**18. 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 | 48 | 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.<br>(ii) General Manager of PEC Technology Consultancy Services (Huizhou) Ltd since 2004.<br>(iii) General Manager of PEC Construction Equipment Leasing Company (Huizhou) Ltd since 2005.<br>(iv) Executive Director of Huizhou Tianxin Petrochemical Engineering Co., Ltd since 2005. | None |

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**BY ORDER OF THE BOARD**
**Edna Ko Poh Thim**
**Executive Chairman**
**27th August 2014**