PEC LTD.

HERE AND BEYOND

ANNUAL REPORT 2015

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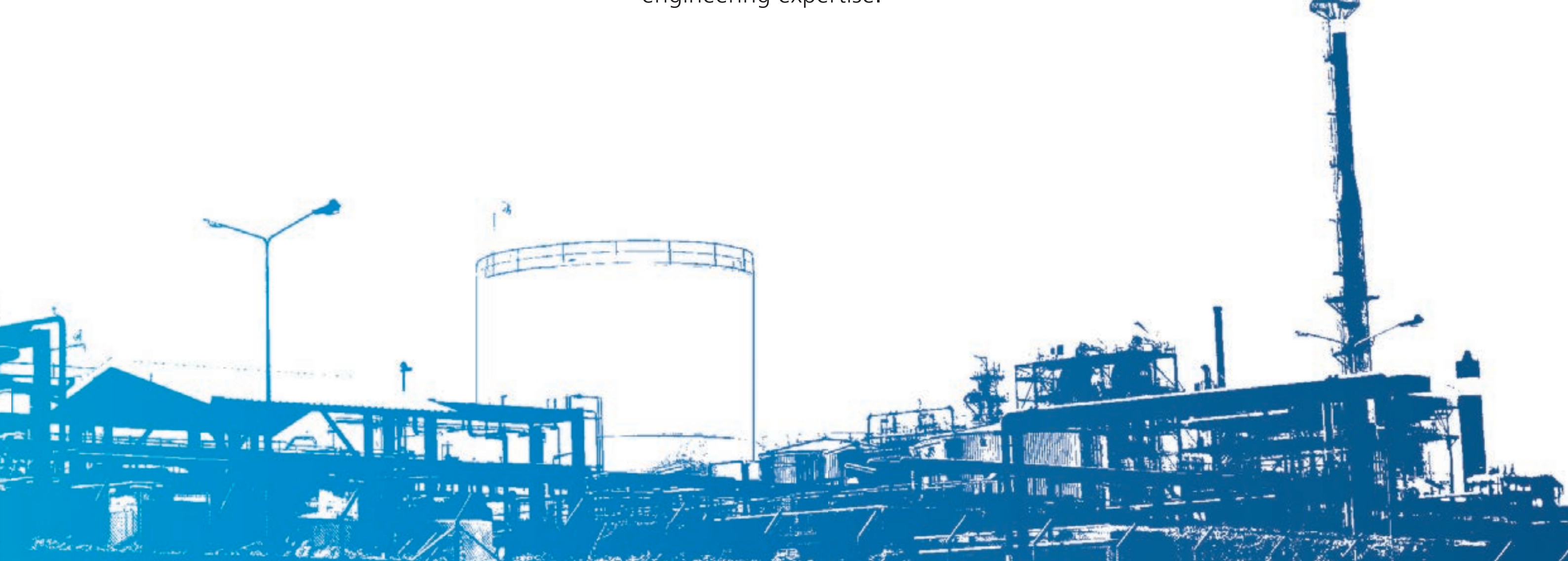
PEC LIMITED

AND BEYOND

Strategic moves to build up our capabilities and capacities in the past few years have brought us *here* – to the point where we are fully primed to take PEC *beyond* these shores into distant arenas that offer promising new opportunities for the Group.

To better serve our clients wherever they operate, we have invested extensively in establishing a sturdy network of engineering facilities in Asia and the Middle East. By being near our customers and near their key markets, we have been able to grow with them, strengthening our brand name and opening up new markets for PEC.

This strategy continues to pay off as we build on our longstanding reputation for quality, reliability and safety to win over new clients in targeted markets. To move from *here* to a brighter future *beyond*, we will redouble efforts to capture fresh opportunities abroad, even as we demonstrate why PEC is the partner of choice for those seeking sound project execution and specialised engineering expertise.



CORPORATE PROFILE

Established in 1982, PEC Ltd. (PEC) has grown into a recognised plant and terminal engineering specialist with fabrication facilities spread across the world – helmed by a strong management team with decades of experience in their individual fields. Today, PEC serves four main sectors: oil & gas, petrochemicals, oil & chemical terminals and pharmaceuticals.

PEC's reputation for being a reliable and trusted provider of engineering solutions has won over a growing number of clients in the industries it serves, including prominent MNCs that have been with the Group since 1982. Over the years, these relationships have allowed PEC to establish a firm foothold in Asia and the Middle East, where it continues to expand its presence.

One of PEC's core businesses is project works, under which it provides engineering, procurement & construction (EPC), EPC project management and project management consultancy services. Providing plant maintenance services, including plant turnarounds and upgrading, makes up its other core business, where it offers clients all the advantages of a 'onestop' service. Its specialty services cover engineering, mechanical, piping, structural, tankage, electrical & instrumentation, heat treatment, testing & isolation, painting & blasting, scaffolding, insulation & refractories, fireproofing and hydrojetting.

With its established processes and methodologies, PEC aims to be the engineering specialist of choice for customers. To better meet client needs, it is constantly enhancing and expanding its capabilities through acquisitions and technological upgrading.

An experienced and knowledgeable workforce is one of the cornerstones of PEC's success. Furthermore, the Group has one of the best safety records in the industry. Armed with a large and growing fleet comprising about several thousand pieces of engineering equipment, PEC can cross-deploy its resources quickly and effectively, giving it the flexibility to respond promptly to customer needs and compete confidently for contract work.

BUSINESS STRATEGY

STRENGTHEN OUR GLOBAL FOOTPRINT

We have made much headway since our first expansion outside Singapore in the early 1990s. Today, we have an established network of engineering facilities in more than 10 countries and we are still looking to grow and deepen our global footprint through opportunities with new as well as existing clients.

KEEP A BALANCED REVENUE STREAM

Recognising the importance of steady revenue flows, we have taken pains to strike a satisfactory balance between income contributions from our engineering, procurement & construction (EPC) projects and those from our maintenance services division. Our unique ability to synergise and leverage on these two core businesses has proved invaluable in maintaining a balanced revenue stream.

PEC'S FIVE-PRONG STRATEGY

continues to set it apart from other industry players while enabling it to steadily push forward plans to explore new markets and widen its revenue base.

ADD TO NICHE CAPABILITIES AND PRODUCTS

We actively pursue opportunities to add to our core capabilities by seeking out partners that offer specialised services and products that will provide us with a unique edge. Through strategic investments or joint ventures, we are able to acquire niche capabilities and products that help to extend our customer base and gain inroad into new markets.

DEEPEN EXISTING ENGINEERING CAPABILITIES

We continually enhance our operational efficiencies by deploying state-of-the-art proprietary software platforms that optimise our executive information system (EIS) and procurement, engineering, construction & maintenance management (PECMmt) infrastructure. Augmenting our existing engineering capabilities sharpens our competitive edge, by enabling us to offer customers the most cost-effective solutions in terms of concept, design and management.

EXPLORE ADJACENT INDUSTRIES

Armed with a thorough understanding of the process industries and a sturdy network of strategic business alliances, we continue to explore fresh channels into adjacent industries such as the energy-related and upstream oil & gas sectors. The Group is well-equipped to capture growth in these areas, where energy demand is expected to continue to rise in the mid to long term.

GEOGRAPHIC PRESENCE

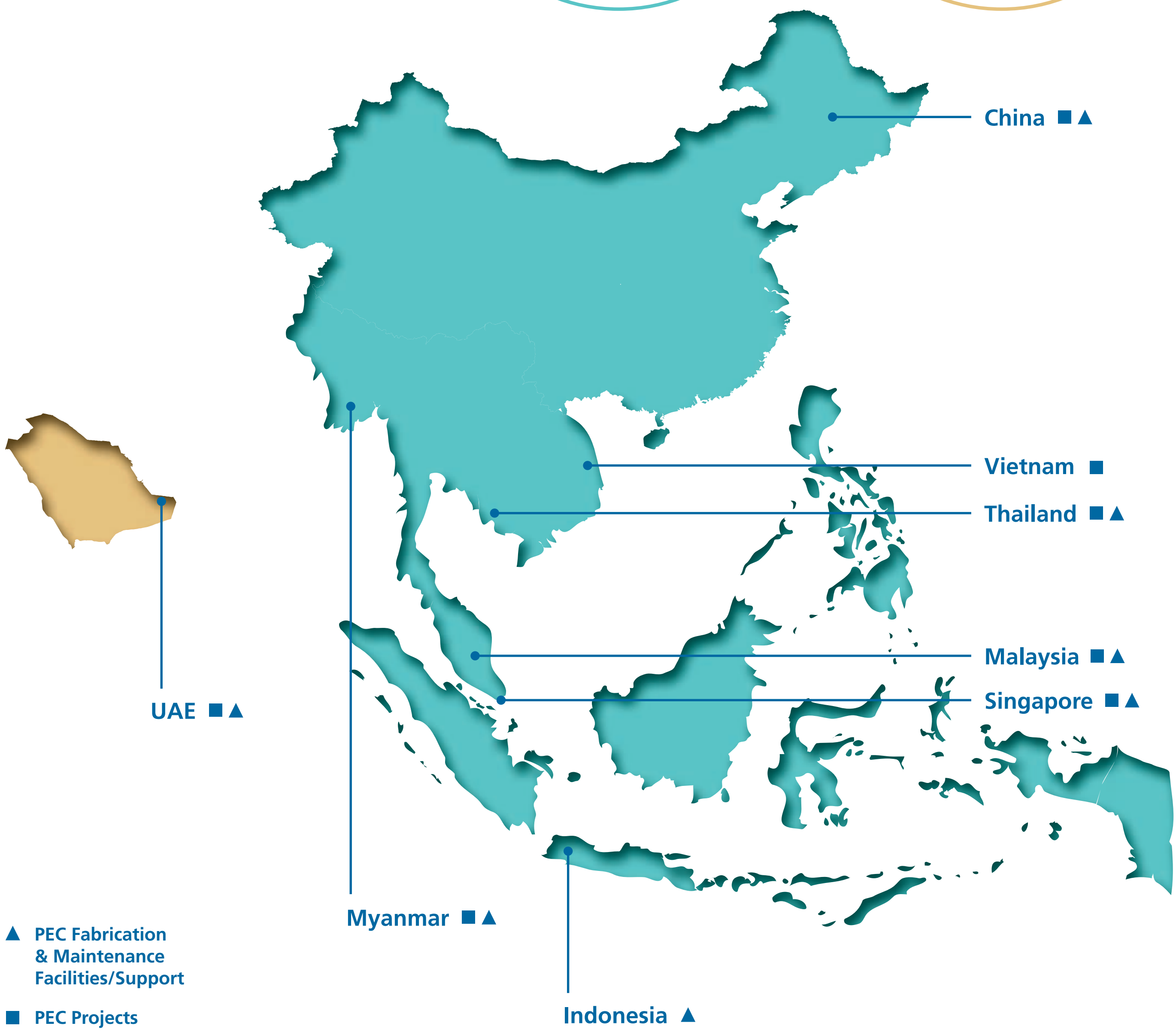
Our established and strategically located network of engineering facilities spans two regions, reaching and serving clients in 8 countries.

ASIA

Sturdily rooted in Asia, the Group has built a significant presence in Singapore, China, Indonesia, Malaysia, Myanmar, Thailand and Vietnam

MIDDLE EAST

Our existing operations in the United Arab Emirates give us a strong springboard for growth in the Middle East region



BEYOND LOCAL, GOING GLOBAL

Seizing growth opportunities in Asia and the Middle East.

CHAIRMAN'S MESSAGE

"To sustain growth for the long term, we must look past our home base *here* and move *beyond* these shores to other horizons."

DEAR SHAREHOLDERS,

In the past year, challenging operating conditions have continued to put pressure on industry earnings and margins. Our profitability was also impacted by a doubtful debt provision arising from services provided to a petrochemical plant owned by Jurong Aromatics Corporation Pte Ltd which was placed under receivership in September 2015. As a result, PEC posted a loss after tax of S$5.3 million for the financial year ended 30 June 2015 (FY15). The Group grew revenues by 11% to S$499.6 million, thanks largely to focused efforts to deepen our footprint abroad.

Key Achievements

For several years, we have invested heavily in building up our brand and facilities overseas while continuing to expand our engineering capabilities. These combined initiatives have paid off, enabling us to lift our orderbook above S$400 million, excluding maintenance contracts, as at 30 June 2015.

We secured two major contract wins in the Middle East – a promising market where we have been steadily growing our customer base, adding clients drawn by our long track record of timely execution and quality service. As a result, contributions from overseas project works accounted for nearly 40% of the Group's total sales, up sharply from 22.0% in FY14. Net cash flows from operations for the full year improved as well, rising 46.3% to S$32.5 million in FY15.

In Singapore, intensified efforts to enhance cost efficiency made it possible for us to reduce our costs. Excluding all doubtful debt provisions, the Group's overall administrative and other operating expenses declined despite the high cost environment. We continue to seek out new ways to streamline operations and optimise resources.

Here & Beyond

To sustain growth for the long term, we must look past our home base *here* and move *beyond* these shores to other horizons. So far, plans to build on the successes and clear brand equity that the Group has achieved in Singapore to carve out new bases and fresh revenue streams abroad have reaped some results. Future growth will rest on how effectively we extend our presence in targeted markets and tap promising projects there.

Following strategic moves to build up our capabilities and engineering facilities overseas, we are stepping up efforts to improve productivity at every level. We are ready to anchor PEC as a brand that represents reliability, quality and efficiency not only in Singapore but across Asia and the Middle East. Being near our clients and near their markets means we can serve their needs more effectively wherever they go – a long-held strategy that has enabled us to grow with existing customers and win over new ones.

For the year ahead, we plan to step up efforts to capture new markets and secure new contracts. These efforts will help to establish PEC as the engineering specialist of choice for clients around the globe whose projects demand exemplary execution and exacting standards.

Proposed Dividend

In appreciation of the unwavering support from our shareholders, the Board and management have decided to recommend a final tax-exempt, one-tier dividend of 1.0 S¢ per ordinary share against FY14's 2.0 S¢ per share, despite our weak FY15 performance. The total payout will amount to S$2.5 million if it is approved by shareholders at the Annual General Meeting to be held on 13 November 2015.

Acknowledgments and Appreciation

Over the years, PEC has pursued its goals with clarity of vision, purpose and execution. As a result, we have been able to establish our standing as a leading provider of engineering and maintenance services around the region.

On behalf of the Board, I would like to commend our management team and staff for their hard work and commitment to the Group. To our shareholders and business partners, I would like to express my heartfelt gratitude for your unfailing support even during these testing times.

As we take PEC into new arenas, we hope all our stakeholders, especially our staff on the ground, will endorse efforts to replicate our success story *here* on our home turf, extending it *beyond* these borders to new markets. We invite you to come with us on this journey, because your support will be the mainstay that keeps us focused on our course, as we scale new heights even in overseas markets.

Edna Ko Poh Thim
Executive Chairman

BOARD OF DIRECTORS

Edna Ko Poh Thim
Executive Chairman

Ms Ko is our Executive Chairman and sits on our board of directors. She joined PEC as an executive director in February 1984 and was named Executive Chairman in July 2007. Today, she is responsible for the Group's overall business strategy and development.

When she served as Managing Director from August 1991 to June 2007, she was instrumental in implementing PEC's local and overseas expansion through organic growth, mergers and acquisitions and strategic joint ventures.

Ms Ko is also active in community service, having been a member of The Rotary Club of Jurong Town since 1999 and a patron of the Siglap South Community Centre Management Committee since 2002. She earned her bachelor's in business administration from the University of Hawaii in the United States of America.

Robert Dompeling
Group Chief Executive Officer

Mr Dompeling is our Group Chief Executive Officer and sits on the board, having served in both capacities since joining PEC in July 2007. His responsibilities include managing the Group's operational, commercial and financial divisions, as well as shaping its business development and expansion.

He honed his skills as a petroleum engineer at the Royal Dutch Shell Group in the Netherlands. From July 1984, he served in various positions that saw him posted to countries such as the United Kingdom and Oman. Between 1988 to 2007, he held various key management roles at the Dutch-based Royal Vopak group, overseeing the growth and development of its Singapore business.

Mr Dompeling earned his master's in naval architecture at the Delft University of Technology in the Netherlands.

Wong Peng
Managing Director

Mr Wong is our Managing Director and sits on the board, to which he was appointed in December 1988. He oversees the Group's day-to-day operations while working closely with the Executive Chairman and Group Chief Executive Officer to formulate its strategies and policies.

He began his career as a mechanical engineer with Tian San Singapore in 1978 before joining PEC in 1982 as a material and equipment controller. After becoming an Executive Director and General Manager in December 1988, he was promoted to Managing Director in July 2007. Mr Wong earned his bachelor's in mechanical engineering from the then University of Singapore. He has been a member of The Institution of Engineers Singapore since June 1991.

Dr Foo Fatt Kah
Lead Independent Director

Dr Foo is our lead independent director and heads our Remuneration Committee, having been appointed to the board in June 2009. An investment banking veteran with two decades of experience behind him, he was, earlier in his career, a rated Healthcare analyst in the Institutional Investor and Extel Europe polls. He began his career in 1987 as an equity analyst in London, gaining exposure at a number of leading investment banks including Robert Fleming and Barings Securities. He returned to Asia in 1994, and later became Managing Director and Head of Asian Equities at SG Securities Asia, the investment banking division of Société Générale (SG), in charge of 10 Asian countries.

Dr Foo is the Managing Director and co-founder of Luminor Capital Pte Ltd, an Asia-Pacific private equity fund advisory company specialising in Healthcare and Resources. He is currently a non-executive director of Variscan Mines Ltd, an ASX-listed company, and sits on the board of a number of private companies and funds. Dr Foo has degrees in medicine and a master's in business administration from Queen's University, United Kingdom.

Chia Kim Huat
Independent Director

Mr Chia is one of our independent directors and has been on the board since June 2009. He is a very experienced lawyer with extensive knowledge of capital market transactions, cross-border joint ventures, private equity investments, mergers and acquisitions, and corporate and banking transactions. Mr Chia is currently the Regional Head of the Corporate and Transactional Practices at Rajah & Tann Singapore LLP. He is also a director and secretary of The Financial Board of Singapore Chinese Chamber of Commerce.

Mr Chia obtained his bachelor of law (honours) from the National University of Singapore, and is a member of the Singapore Academy of Law and The Law Society of Singapore.

David Wong Cheong Fook
Independent Director

Mr Wong is our newly appointed independent director, who joined the board in January 2014. He is the Chairman of our Audit Committee.

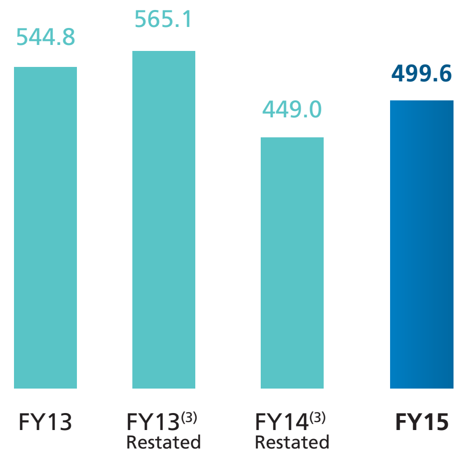
Mr Wong is also a director at United Engineers Ltd, Energy Market Company Pte Ltd, PacificMas Bhd and Banking Computer Services Pte Ltd. In addition, he serves as the Chairman of Republic Polytechnic, and a Board Member of the Casino Regulatory Authority.

He was a partner with Ernst & Young LLP, and subsequently the Managing Director of Wearnes Technology Pte Ltd. A retired colonel, Mr Wong held senior positions in operations and logistics in the Republic of Singapore Air Force. He was awarded the Public Service Star in 1997.

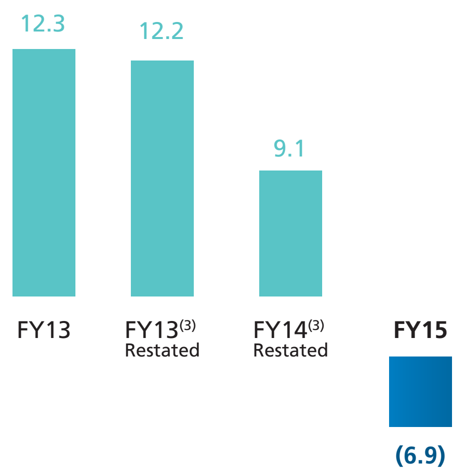
He has a Bachelor of Arts (Honours) and a Master of Arts from the University of Cambridge. He is a member of the Institute of Chartered Accountants in England and Wales and the Institute of Singapore Chartered Accountants.

FINANCIAL HIGHLIGHTS

Revenue (S$ million)



Net Profit/(Loss) Attributable to Shareholders (S$ million)



Key Financial Ratios	FY13	FY13[3]	FY14[3]	FY15
Earnings per Share[1] (cents)	4.8	4.8	3.6	**(2.7)**
Net Asset Value per Share[2] (cents)	83.0	83.3	84.2	**80.4**
Gross gearing (%)	2.9	4.5	4.6	**14.1**

Balance Sheet (S$ million)	FY13	FY13[3]	FY14[3]	FY15
Non-current assets	114.9	116.1	115.6	**117.2**
Current assets	241.1	248.3	223.0	**288.4**
Current liabilities	124.9	132.6	102.3	**172.6**
Non-current liabilities	7.8	7.8	10.1	**14.7**
Shareholders' equity	211.7	212.6	214.9	**205.0**
Minority Interest	11.6	11.4	11.4	**13.3**

Cashflow Statement (S$ million)	FY13	FY13[3]	FY14[3]	FY15
Net cash (used in)/generated from operating activities	(0.2)	(0.4)	22.2	**32.5**
Net cash used in investing activities	(31.8)	(31.8)	(12.6)	**(15.0)**
Net cash (used in)/generated from financing activities	(2.2)	(2.2)	(7.1)	**12.4**
Cash & cash equivalents at beginning of financial year	114.1	114.5	79.9	**82.2**
Cash & cash equivalents at end of financial year	80.1	80.3	82.2	**113.0**

Notes:

(1) EPS for FY13 and FY14 computed using the net profit attributable to Shareholders of the Company divided by the average share capital.

(2) NAV per Share is computed by dividing NAV (which is net assets attributable to Shareholders of the Company) by the share capital as at the end of financial year.

(3) Financial figures for FY13 and FY14 were restated with the adoption of FRS110.

BEYOND CAPABILITIES, DELIVERING QUALITY

Meeting our clients' exacting requirements.

CEO'S MESSAGE

"The Group has never lost sight of its goal to establish the PEC brand in Asia and the Middle East."

DEAR SHAREHOLDERS,

The operating environment remained difficult for the process industry in FY15 as oil companies scaled back, deferred or cancelled projects following the sharp fall in oil prices. Rising costs, particularly in Singapore, continued to affect margins and erode profitability.

Undeterred by the challenges, the Group embarked on a strategic drive to review and restructure its operations at every level. We streamlined and integrated certain back-end functions, enhanced our processes and tightened our project execution. As a result, we are becoming more efficient. Moving forward, we will continue to drive internal efficiencies.

The Group has never lost sight of its goal to establish the PEC brand in Asia and the Middle East. As part of its growth strategy to build a robust external wing, it identified the Gulf region as one that offers vast potential, and invested in infrastructure at Fujairah in the United Arab Emirates (UAE) – a move that has positioned the Group well to promote and strengthen its PEC brand name in the region. This strategic step has enabled the Group to expand its pipeline of project works in the region and even add new clients.

The disciplined and multipronged approach we have adopted puts us in good stead to overcome the operating challenges in Singapore and expand beyond her shores.

FINANCIAL REVIEW

Revenue and Profit

Group revenue rose 11% to S$499.6 million for FY15 from S$449.0 million in FY14, driven largely by higher contributions from overseas project works. However, PEC made a loss after tax of S$5.3 million, compared with a profit after tax of S$10.1 million previously. This was chiefly because of a provision made for doubtful debts related to services provided to Jurong Aromatics Corporation Pte Ltd, which was placed under receivership in September 2015.

Balance Sheet and Cash Flow Statements

The Group generated strong cash flow from operations of S$32.5 million as active working capital management released additional cash. Of this amount, S$15.0 million was used for investing activities, attributable to the acquisition of an industrial property in Singapore, as well as the purchase of construction and office equipment to support PEC's growing business operations.

Net cash from financing activities came to S$12.4 million, largely because of proceeds from borrowings for projects and the property acquisition, offset by dividends of S$5.1 million paid to shareholders and the repayment of some loans.

The Group's net cash position is healthy, standing at S$85.0 million as at 30 June 2015.

Note: The pictures in this spread are some of the projects which PEC participated in.

CEO'S MESSAGE

Segmental Performance

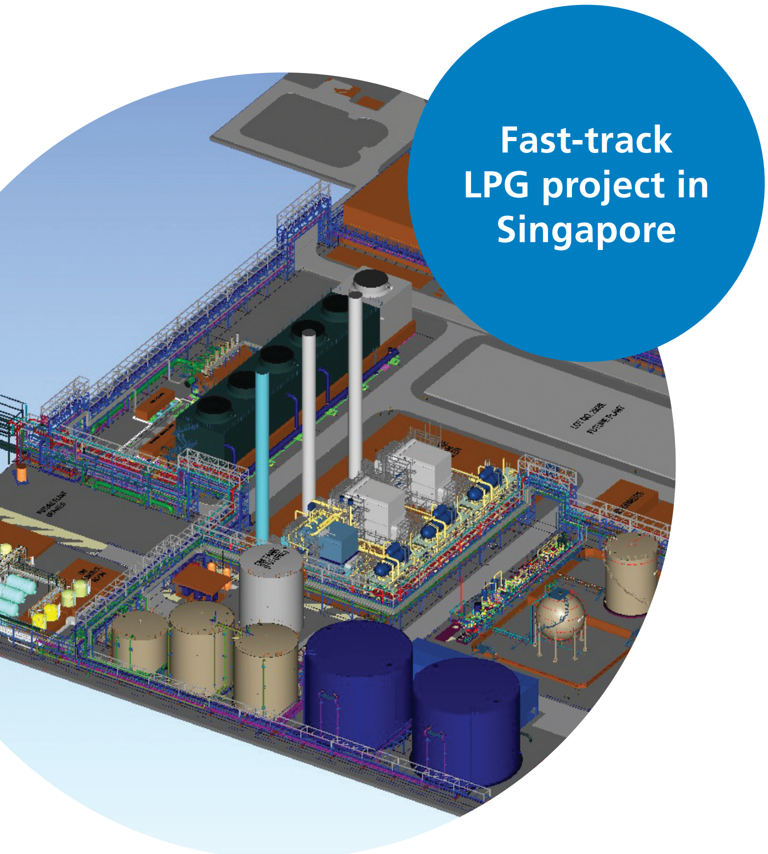
Maintenance services chalked up a 16.4% gain in revenue to S$163.2 million as the Group won a sizeable share of contracts for plant turnarounds and shutdowns. Project works also lifted revenue, by 9.0% to S$335.6 million from S$307.6 million previously, as overseas projects doubled their contributions to S$197.7 million.

Singapore remained the largest contributor to Group revenue at S$301.9 million, but its share of revenue fell to 60.4% from 78.0% before.

BUSINESS REVIEW

Significant Projects – Reinforcing Our Track Record

Focused efforts to build up our capabilities and establish a strategic network of engineering facilities abroad have enabled us to extend our market reach in key regions and secure major contracts there. Contributions from project works in these markets are already helping to boost revenue, while successful project deliveries have raised our standing internationally. Closer to home, we continue to demonstrate our ability to handle technically exacting projects.



Fast-track LPG project in Singapore

(a) Singapore

PEC recently secured a first major contract for a liquefied petroleum gas (LPG) facility, located on Jurong Island. The fast-track project, slated for completion by end-2015, involves engineering, construction and commissioning works for a state-of-the-art, double-walled propane storage facility. As the LPG storage facility will be connected via pipeline to nearby plants and will allow for LPG import and distribution in Jurong Island.

(b) Malaysia

Significant wins include a contract for one of the world's largest liquefied natural gas (LNG) production facilities, located at Bintulu in Sarawak. For this project, the Group is providing construction works for a boil-off gas reliquefaction facility and a nitrogen generation unit to be completed before end-2015.

PEC also secured a contract for construction works related to a new LNG production train and associated facilities for the Bintulu complex and will be integrated with the existing storage and loading facilities within the Complex. The project is scheduled for completion by end-2015.

Both projects will add to the Group's track record in LNG cryogenic storage facilities, leaving us well-placed to capture more such projects as demand grows around the region.

"Focused efforts to build up our capabilities and establish a strategic network of engineering facilities abroad have enabled us to extend our market reach in key regions and secure major contracts there."

(c) Middle East

One important win has seen PEC undertake the development of an entirely new oil and gas distribution and trading terminal at the Port of Fujairah. Due to be completed in early 2017, the new terminal will be integrated with the port's existing facilities. The project award is our first from a major Abu Dhabi-based customer and underscores industry recognition of PEC's capabilities and long-standing reputation for safe and timely delivery.

Under another contract from a leading MNC client, the Group is carrying out EPC works for the development of a number of large crude and fuel oil tanks – with a combined capacity of about 450,000m^3 – for a leading refinery, also at Fujairah. Scheduled for completion in April 2016, the fast-track project will include all related infrastructure needed to enable the client's existing refinery to enhance its crude oil processing capacity as well as on-site and off-site works which will be carried out to integrate the new storage facility with the refinery's current processing units.

These projects will substantially enhance our brand in the Middle East and enable us to make further inroads there.

Looking Ahead – Establishing Our PEC Brand

Concerns over slowing economic growth, particularly in China, as well as a further fall in oil prices, could see companies reduce or defer capital spending for projects. The Group's future earnings are dependent on the reinstatement of such projects and its ability to secure new contracts as the industry adjusts to lower oil prices.

Despite oncoming headwinds, we believe that our "near customer, near market" strategy has positioned the Group well to promote and strengthen the PEC brand in targeted markets. In the Middle East, we have successfully secured key contracts; in emerging Myanmar, we are ready to take on major projects with our new fabrication facility.

Robert Dompeling
Group Chief Executive Officer

SIGNIFICANT EVENTS

July 2014

Wins four awards for Workplace Safety and Health, namely two Performance awards, one Supervisor award and one Risk Management award.

September 2014

Subsidiary EBT Engineering Pte Ltd exercises option to purchase a property at 11 Neythal Road, Singapore for S$8.25 million. The purchase will increase EBT's existing capacity to undertake larger projects and expand its scope of work to include work for non-ferrous materials, as well as provide accommodation for its workers in Singapore, upon the approvals from the relevant authorities to use part of the property as workers' dormitory.

February 2015

Wins contract for a fast-track project at a leading refinery in United Arab Emirates worth S$132 million, to provide engineering, procurement and construction (EPC) works for a number of large crude and fuel oil tanks, as well as all related infrastructure to enhance the refinery's crude oil processing capacity and integrate the new storage facility with the refinery's current processing units.

March 2015

Clinches third consecutive Gold award at the biennial Singapore HEALTH Awards.

Sale of Group's property at 27 Tuas Avenue 3, Singapore, for S$7.1 million.

April 2015

Subsidiary EBT Engineering Pte Ltd completes purchase of property 11 Neythal Road, Singapore.

Secures another major contract from the Middle East worth S$176 million, to provide EPC works for a new state-of-the-art oil storage terminal in Fujairah, United Arab Emirates, for a prominent Abu Dhabi client.

May 2015

Wins two contracts worth S$70 million from existing MNC clients on Jurong Island, with one contract to provide mechanical, electrical and installation works within a petrochemical complex, and the second project to provide mechanical works for a refinery.

PEC

BEYOND EARNINGS, CREATING VALUE

Focused on creating value for our shareholders and clients.

SUSTAINABILITY REPORT

Safety for All – Raising the Bar

We are proud of our track record in workplace safety and health (WSH), and our HSSE management systems are certified to both OHSAS 18001 and ISO 14001 standards. Even so, we continue to review and refine our health, safety, security and environment (HSSE) systems, seeking to uphold and extend industry best practices across the Group.

This year, we introduced an in-house supervisory HSSE induction course to help senior employees embrace key measures and put them into practice at all our operations. This is to ensure that our teams on the ground can effectively pinpoint and contain risk factors, management must communicate clearly what is expected, while being actively involved in developing, implementing and assessing HSSE programmes. Training modules included how to provide effective leadership in different circumstances, encourage behaviour-based safety through coaching and counselling, and upgrade protocols for workplace inspections and accident investigations.

Ongoing occupational health programmes cover areas such as hearing conservation and respiratory protection. Employees who are exposed to high noise levels undergo regular audiometric tests, while countermeasures include opting for low-noise equipment. Hearing protectors deployed under this programme comply with the SS549:2009 Code of Practice covering the use and maintenance of such devices. Respiratory protective equipment provided to our employees also adhere to the code. Other programmes are geared towards helping on-site employees cope with fatigue and heat stress, both of which can affect their long-term health as well as their ability to concentrate at work. Site managers have been tasked with identifying contributing factors and taking steps to counter the effects.

We take equal care with our office-based employees, having rolled out programmes such as ergonomics management at all our locations. One goal is to raise awareness of repetitive stress disorders caused by improper or excessive use of computer displays or terminals, so affected employees can seek early treatment. Preventive measures include auditing office set-ups to make sure that workstations are ergonomically designed to minimise operator fatigue and discomfort.

Clear evidence that our people have embraced our health and safety initiatives can be seen in the proactive steps they take on the ground to contain risks of injury or accidents. This year we won a silver award at the WSH Innovation Awards 2015, presented by the Association for Process Industry (ASPRI), for a successful project to reduce workplace hazards in the sector. Accidents can occur while transporting tube bundles used in heat exchangers at petrochemical and other processing plants. Our team developed a bundle/exchanger carrier equipped with a special tray that eliminates the need to use a crane during transfers, while simplifying and speeding up such operations. This innovation has not only enhanced safety, but also produced significant time and cost savings.

Renewing Our Eco-Drive

As a Group, we remain determined to minimise our impact on the environment. Our goal is to grow the business responsibly by conserving natural resources and containing wasteful practices.

Our environmental management systems have attained ISO 14001:2004 certification – a framework that helps businesses limit their ecological footprint through responsible policies and practices. For PEC, we continue to refine our oil spill prevention and response programmes. Across the Group, we also take pains to enforce energy-saving practices, while constantly reviewing how we recycle or dispose of waste materials.

As individuals, we have renewed our efforts to safeguard and restore our natural heritage. This year's activities included a forestry conservation drive organised in conjunction with the National Parks Board (NParks) at its gardening hub in HortPark. Our volunteers came out in force to remove invasive weeds, seeds and tree saplings that were inhibiting native plant growth, thus helping to restore the park's natural habitats. Our coastal cleaning-cum-cycling drive at East Coast Park also garnered an overwhelming response from employees and their families, who were eager to do their best to save Singapore's beaches and protect marine habitats.

Our staff removing invasive weeds, seeds and tree saplings at HortPark.

Our People Matter

PEC would not be where it is today without the staunch support of all our employees. We know how much they have done to build up our reputation for safety and quality, how hard they work to ensure the Group's continued success. For our part, we want every employee to find success too, both in the workplace and at home.

This year, we continued to prioritise wholesome lifestyles through health screenings and interactive health talks, helping employees to identify and manage areas of concern. Tailored fitness programmes proved popular, as did direct intervention programmes for employees keen to manage their weight or quit smoking. Our Workplace Health Promotion (WHP) Committee also organised workshops on topics close to everyone's hearts, such as how to design and prepare nutritious and delicious meals for the family.

To foster a better work-life balance while creating stronger bonds, we organised a wide variety of family events, including nature walks and bowling tournaments. Employees also signed up for other sports activities such as kayaking, rock climbing and archery. Increasing numbers flocked to our community welfare and outreach events – many took family members along so they too could do their part for the less fortunate.

Our staff taking part in the annual Walk for Our Children organised by the Singapore Children's Society.

Giving Back to the Community

Both as a corporate citizen and as individuals, we have ongoing initiatives to care for the community around us – coming together to help those in need has united us in new ways and given us a broader purpose.

The future lies in today's youth, so many of the year's activities saw us working closely with the Singapore Children's Society (SCS). Key events included Walk for Our Children, a walkathon-cum-carnival held every year by SCS to raise funds for youth and family services at its centres islandwide as well as other beneficiaries under its care.

Employees also took children from one of its youth centres for a movie outing sponsored by the Group. In addition, our volunteers joined in a spring cleaning day at Sunbeam Place in Chua Chu Kang, a home for abused or neglected children run by SCS. They were able to enhance living conditions there, ensuring a clean, healthy environment for the children.

PEC reached out to youngsters under Club Rainbow as well – a charity that provides holistic support services for acutely or chronically ill children and their families. The children were thrilled to go on board a double-decker bus that took them to some of the city's attractions, including Gardens by the Bay and the Marina Barrage. PEC also sponsored school bags for Club Rainbow kids, which our volunteers filled with stationery items for them to use at school.

Our staff taking children from Club Rainbow for an outing at Gardens by the Bay and the Marina Barrage.

Other welfare organisations we partnered this year included the Retired & Senior Volunteering Programme (RSVP) Singapore, which is committed to providing opportunities for seniors to serve the community using their talent and experience through purpose-driven volunteerism. Together with RSVP Singapore, our volunteers brought children from the Down Syndrome Association on a learning journey at HortPark, a one-stop resource centre for anyone interested in plants and gardening. While there, they saw how to grow edible plants and conserve the environment through garden recycling.

A PEC volunteer with a youth from the Down Syndrome Association at HortPark.

FINANCE

CORPORATE GOVERNANCE REPORT

PEC Ltd. (the "**Company**") is committed to ensuring and maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**"). Good corporate governance establishes and maintains a legal and ethical environment, which helps to preserve and enhance the interests of all shareholders.

This report describes the corporate governance framework and practices of the Company with specific reference to the principles of the Code of Corporate Governance 2012 (the "**Code**").

This Report should be read as a whole, instead of being read separately under the different principles of the Code.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

*Role of the Board of Directors (the "**Board**")*

The Board assumes responsibility for stewardship of the Group and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group. In addition, the Board is directly responsible for decision making in respect of the following matters:

- approve the business strategies including significant acquisition and disposal of subsidiaries or assets and liabilities;
- approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- approve the release of the Group's quarterly and full year's financial results and interested person transactions;
- oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls, as may be recommended by the Audit Committee;
- review the performance of the Management, approve the nominees to the Board and the appointment of key management personnel, as may be recommended by the Nominating Committee;
- review and endorse the framework of remuneration for the Board and key management personnel, as may be recommended by the Remuneration Committee; and
- review and endorse corporate policies in keeping with good corporate governance and business practice.

The Board provides shareholders with a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis.

To assist in the execution of its responsibilities, the Board has established a number of Board committees which include an Audit Committee ("**AC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**"), each of which functions within clearly defined terms of reference ("**TORs**") and operating procedures which are reviewed on a regular basis.

All Directors exercise due diligence and independent judgment and make decisions objectively in the best interest of the Group. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company and within the Group.

Board Meetings and Meetings of Board Committees

The Board meets on a quarterly basis and whenever necessary for the discharge of their duties. Dates of the Board meetings are normally set by the Directors well in advance. Meetings of the Board and Board Committees may be conducted by way of telephone and video conferencing if necessary.

The number of meetings held by the Board and Board committees and attendance thereat during the year ended 30 June 2015 are as follows:

Directors	**Board**		**AC**		**NC**		**RC**	
	Number	**Attended**	**Number**	**Attended**	**Number**	**Attended**	**Number**	**Attended**
Edna Ko Poh Thim	4	4	NA	NA	NA	NA	NA	NA
Robert Dompeling	4	4	NA	NA	NA	NA	NA	NA
Wong Peng	4	4	NA	NA	NA	NA	NA	NA
Dr Foo Fatt Kah	4	4	4	4	1	1	3	3
Chia Kim Huat	4	4	4	4	1	1	3	3
David Wong Cheong Fook	4	4	4	4	1	1	3	3

Training

The Board continues to examine its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience.

All Directors have many years of corporate experience and are familiar with their duties and responsibilities as Directors. Upon appointment, each Director will receive a letter of appointment from the Executive Chairman explaining his duties and obligations as a member of the Board. In addition, newly appointed Directors will be given briefings by the Executive Chairman and/or the Group Chief Executive Officer and/or top management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors. The Directors are also briefed by professionals either during Board meetings or at separate meetings on regulatory changes which have an important bearing on the Company and the Directors' obligations to the Company.

The Company welcomes Directors to seek explanations or clarifications from and/or convene informal discussions with the Management on any aspect of the Group's operations or business. Necessary arrangements will be made for the informal discussions or explanations as and when required.

The Company is responsible for arranging and funding the training for new and existing Directors. The Directors are provided with continuing briefings and updates in areas such as relevant new laws and regulations, Directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or Board Committee members. The scope of such continuous briefings and updates includes overview of industry trends and developments, governance practices and developing trends, and changes in trends in governance practices and regulatory requirements pertaining to the business. Where necessary, a first-time Director who has no prior experience as a Director of a listed company will be provided with training in areas such as accounting, legal and industry-specific knowledge as appropriate.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board consists of six (6) Directors of whom three (3) are non-executive and independent. The list of Directors is as follows:

<u>Executive Directors</u>

Edna Ko Poh Thim	(Executive Chairman)
Robert Dompeling	(Group Chief Executive Officer)
Wong Peng	(Managing Director)

<u>Non-Executive and Independent Directors</u>

Dr Foo Fatt Kah	(Lead Independent Director)
Chia Kim Huat	(Independent Director)
David Wong Cheong Fook	(Independent Director)

The size and composition of the Board are reviewed once a year by the NC to ensure that the size of the Board is conducive to effective discussions and decision making. The NC is of the view that the current Board size of six (6) Directors of which three (3) are Independent Directors, is appropriate and effective, taking into account the nature and scope of the Company's operations.

The current Board comprises persons with diverse expertise and experience in accounting, legal, business and management, finance and risk management who as a group provide core competencies necessary to meet the Company's requirements. The Directors' objective judgement on corporate affairs and collective experience and knowledge are invaluable to the Group and allows for the useful exchange of ideas and views.

Independence of Directors

The NC reviews the independence of each Director on an annual basis based on the Code's definition of what constitutes an Independent Director. The NC is of the view that the three (3) Independent Directors (who represent more than one-third of the Board) are independent and that there is a strong and independent element on the Board which is able to exercise objective judgement on corporate matters independently, in particular, from the Management, and that no individual or small group of individuals dominate the Board's decision-making process.

After taking into account the views of the NC, the Board considers all the Independent Directors of the Company are independent in character and judgment and that there are no relationships which are likely to affect or could appear to affect the Directors' judgement. The Code requires the independence of any Director who has served on the Board for more than nine years to be rigorously reviewed. There are no Independent Directors who have served the Board for more than nine years.

The Independent Directors communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Where necessary, the Company co-ordinates informal meeting sessions for Independent Directors to meet without the presence of the Management to discuss matters such as Board effectiveness and Management's performance.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Different individuals assume the roles of the Chairman of the Board and the Group Chief Executive Officer ("**CEO**"). The Chairman of the Board is Ms Edna Ko Poh Thim who is the spouse of Mr Robert Dompeling, the Group CEO of the Company. As the Executive Chairman, Ms Ko is responsible for, among others, the overall business strategy and development of the Group, the exercise of control over quantity, quality and timeliness of the flow of information between the Management of the Company and the Board. She also schedules Board meetings, oversees the preparation of the agenda for Board meetings and assists in ensuring compliance with the Group's guidelines on corporate governance.

Ms Ko is assisted by the Group CEO, Mr Robert Dompeling, who together with the Management comprising each subsidiary's general managers and key senior managers, are responsible for the operational, commercial and financial management of the Group as well as charting the business development and expansion of the Group.

There is also a balance of power and authority with various committees chaired by the Independent Directors. The Board has appointed Dr Foo Fatt Kah as the Lead Independent Director to co-ordinate the activities of the Non-Executive Directors and to be available to shareholders where they have concerns.

All major decisions made by the Executive Chairman and Group CEO are reviewed by the AC. Their performance and appointment are reviewed periodically by the NC and their remuneration packages are reviewed periodically by the RC. As such, the Board believes that there are adequate safeguards in place to ensure a balance of power and authority such that no one individual represents a considerable concentration of power. The separation of the roles of the Executive Chairman and the Group CEO ensures a balance of power and authority such that no one individual represents a considerable concentration of power.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises of entirely Non-Executive Independent Directors:

Chia Kim Huat (Chairman)
Dr Foo Fatt Kah
David Wong Cheong Fook

The primary functions of the NC in accordance with its TORs are as follows, amongst others:

- to identify candidates and review all nominations for the appointment or re-appointment of members of the Board and the Group CEO, and to determine the selection criteria;
- to ensure that all Board appointees undergo an appropriate induction programme;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary and to review board succession plans;
- to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;
- to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly where the Director has multiple board representations;
- to review the independence of each Director annually;
- to decide how the Board's, Board Committees' and Directors' performance may be evaluated and propose objective performance criteria for the Board's approval; and
- to evaluate the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board.

For the year under review, the NC held one (1) meeting.

The Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Under the Company's existing Articles of Association, each Director shall retire from office at least once every three years and a retiring Director shall be eligible for re-election. In reviewing and recommending to the Board the re-nomination and re-election of existing Directors, the NC takes into consideration the Directors' competencies, commitments, contribution and performance at Board meetings, including attendance, preparedness, participation and candour.

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his own performance or re-nomination as a Director.

The NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company and the Group, notwithstanding that some of the Directors have multiple board representations. After taking into account of views of the NC, the Board considers it would not be necessary to set a limit on the maximum number of listed company board representations which any Director may hold.

In its search and nomination process for new Directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

Key information on the Directors is set out below:

Name of Directors	Position	Date of first appointment as a Director	Date of last re-appointment as a Director	Present directorships or chairmanships in other listed companies	Directorships or chairmanships held over the preceding three years in other listed companies	Other principal commitments	Due for re-appointment at the Annual General Meeting ("AGM")
Edna Ko Poh Thim	Executive Chairman	8 February 1984	25 October 2013	None	None	None	Not Applicable
Robert Dompeling	Group Chief Executive Officer	1 July 2007	29 October 2012	None	None	None	Retirement by rotation (Article 114)
Wong Peng	Managing Director	23 December 1988	28 October 2014	None	None	None	Not Applicable
Dr Foo Fatt Kah	Lead Independent Director	25 June 2009	29 October 2012	None	None	None	Retirement by rotation (Article 114)
Chia Kim Huat	Independent Director	25 June 2009	28 October 2014	None	Ascendas Fund Management (S) Ltd	Partner of Rajah & Tann Singapore LLP	Not Applicable
David Wong Cheong Fook	Independent Director	8 January 2014	28 October 2014	United Engineers Limited	United Engineers Limited	Chairman of Republic Polytechnic and Board of Governance of the Methodist Welfare Services	Not Applicable

Note:
Details of Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors and the Directors' Report sections of the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole, its Board Committees and the contribution by each individual Director to the effectiveness of the Board.

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board and the Board Committees, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management and standards of conduct of the Directors.

In the course of the year, the NC has conducted the assessment by preparing a questionnaire to be completed by each Director, of which were then collated and the findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. Each Director was also requested to complete a self-assessment form to assess each Director's contributions to the Board's effectiveness.

The Chairman would act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibilities, the Management provides the Board with a management report containing complete, adequate and timely information prior to the Board meetings. All Directors have separate and independent access to the Management, including the Company Secretary at all times.

The Company Secretary and/or his representative attends all scheduled meetings of the Company and prepares minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

The appointment and the removal of the Company Secretary are subject to the Board's approval.

Changes to regulations are closely monitored by the Management and for changes which have an important bearing on the Company or the Directors' disclosure obligations, the Directors are briefed during Board meetings.

The Directors and the Chairmen of the respective Committees, whether as a group or individually are able to seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such professional advisor is subject to approval by the Board.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises of entirely Non-Executive and Independent Directors:

Dr Foo Fatt Kah (Chairman)
Chia Kim Huat
David Wong Cheong Fook

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

The responsibilities of the RC in accordance with its TORs include the following, amongst others:

- to review Directors' fees to ensure that they are at sufficiently competitive levels;
- to review and advise the Board on the terms of appointment and remuneration of its members, the Group CEO, key management personnel, senior management of the Group and all managerial staff who are related to any of the Directors or the Group CEO or substantial shareholders;
- to review the terms of the employment arrangements with the Management so as to develop consistent group wide employment practices subject to regional differences;
- to recommend to the Board in consultation with senior management and the Chairman of the Board, any long term incentive scheme; and
- to review and approve any proposals or recommendations relating to senior management's remuneration.

The RC reviews most aspects of remuneration and compensation packages including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind. The RC also reviews the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No Director is involved in determining his own remuneration.

For the year under review, the RC held three (3) meetings.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In setting remuneration packages, the RC takes into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of Executive Directors and is designed to align the Directors' interests with those of shareholders and link rewards to corporate and individual performance. The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contribution and responsibilities of such Directors. The Company submits the quantum of Directors' fees of each year to the shareholders for approval at each AGM.

Non-Executive Directors have no service contracts. The Executive Directors have service contracts and they do not receive Directors' fees for the year under review. In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors.

The Company adopted an employee share plan known as "PEC Performance Share Plan" (the "**Plan**") on 25 October 2013 as a long term incentive plan for Executive Directors and employees of the Group whose services are vital to the Group's well being and success. It is administrated by a committee consisting of all the Board Members. No shares have to-date been awarded under the Plan. Details of the Plan are set out in the Directors' Report on page 37 and 38.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Group CEO (together with other key management personnel) is reviewed periodically by the RC and the Board.

The Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive and thereby maximise shareholders' value. Directors' fees are recommended by the Board for approval at the Company's AGM.

Executive Directors do not receive Directors' fees but are remunerated as members of the Management. Their remuneration package comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. Service contracts for Executive Directors, are for a fixed appointment period and do not contain onerous removal clauses.

The Company has an employee share plan in place.

A breakdown of the remuneration of the Directors and the top 5 key management personnel (who are not also Directors or the Group CEO) for the financial year ended 30 June 2015 is set out below:

Remuneration of the Directors

Remuneration band and names of Directors	Base/fixed salary [1] %	Variable or performance related income/ bonus %	Director's fee [2] %	Benefits in Kind %	Total %
Above S$250,000 to S$500,000					
Edna Ko Poh Thim	74%	19%	2%	5%	100%
Robert Dompeling	77%	19%	2%	2%	100%
Wong Peng	76%	19%	2%	3%	100%
Below S$250,000					
Dr Foo Fatt Kah	–	–	100%	–	100%
Chia Kim Huat	–	–	100%	–	100%
David Wong Cheong Fook	–	–	100%	–	100%

(1) These are under the service contracts. Under the service contracts, each of our Executive Directors is also entitled to a performance bonus (the "**Performance Bonus**") in respect of each financial year, which is calculated based on the consolidated profit before tax and extraordinary items ("**PBT**") (before deducting for such Performance Bonus).

(2) The Directors' fees are subject to the approval of the shareholders at the AGM.

Remuneration of top 5 key management personnel (who are not also Directors or the Group CEO)

Remuneration band and names of key management personnel (who are not also Directors or the Group CEO)	Base/fixed salary %	Variable or performance related income/bonus %	Benefits in Kind %	Total %
Above S$250,000 to S$500,000				
Fan Ming Keong	78%	19%	3%	100%
Below S$250,000				
Chee Kok Shine	84%	16%	–	100%
Toh Boon Chuan	84%	16%	–	100%
Choo Eng Kuan	86%	14%	–	100%
Goh Eng Mui	86%	14%	–	100%

The aggregate of total remuneration paid to or accrued to the top five key management personnel (who are not also Directors or the Group CEO) was S$1,038,963 for financial year ended 30 June 2015.

There are no employees of the Group who are immediate family members of a Director or the Group CEO and whose remuneration exceeds S$50,000 during the financial year ended 30 June 2015.

To preserve confidentiality on the remuneration policies of the Company, the Board is of the view that it is in the best interest of the Company not to fully disclose the exact remuneration of each Director and key management personnel in the Annual Report.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board endeavors to ensure that the annual audited financial statements and quarterly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financials and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

The Management currently provides the Board with detailed management accounts of the Group's performance, position and prospect on a regular basis.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for ensuring that the Management maintains a sound system of risk management and internal controls to safeguard shareholders' investment and the assets of the Group. The Board and the AC, with the assistance of the internal auditors, have reviewed the adequacy of the Group's internal controls, including financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems.

The Company's internal auditors conduct an annual review of the effectiveness of the key Group's material internal controls, including financial, operational, compliance and information technology controls, and risk assessment at least annually to ensure the adequacy thereof. This review is conducted by the Company's internal auditors which presented their findings to the AC. As part of the external audit plan, the external auditors also review certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC. The AC reviews the findings of both the internal and external auditors and the effectiveness of the actions taken by the Management on the recommendations made by the internal and external auditors in this respect.

The Board has received written assurance from the Group CEO and the Director Finance that:

(a) the financial records of the Group have been properly maintained and the financial statements for the financial year ended 30 June 2015 give a true and fair view of the Group's operations and finances; and

(b) the risk management and internal control systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

The Group CEO and the Director Finance have obtained similar assurance from the business and corporate executive heads in the Group.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives.

The Board and the AC wish to highlight that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Management, various Board Committees and the Board, with the concurrence of the AC, is of opinion that the Group's internal controls, addressing financial, operational and compliance risks, as well as the Group's information technology controls and risk management systems were adequate as at 30 June 2015.

Financial risks relating to the Group are set out in Note 39 to the financial statements of this annual report on pages 102 to 107.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises of entirely Non-Executive and Independent Directors:

David Wong Cheong Fook (Chairman)
Dr Foo Fatt Kah
Chia Kim Huat

It, inter alia, oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group.

The Board is of the view that the AC members are appropriately qualified in that they have recent and relevant accounting or related financial management expertise or experience to discharge their responsibilities.

The AC comprises of members who have experience in finance, legal and business fields.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls.

For the year under review, the AC held four (4) meetings with the Management and the external auditors, three (3) of which the internal auditors were present to discuss and review the following matters in accordance with its TORs, amongst others:

- the audit plans of the external and internal auditors of the Company, and their reports arising from the audit;
- the adequacy of the assistance and cooperation given by the Company's Management to the external and internal auditors;
- the financial statements of the Company and the consolidated financial statements of the Group;
- the quarterly and annual announcements of the results of the Group before submission to the Board for approval;
- the adequacy and effectiveness of the Group's internal controls addressing financial, operational, compliance and information technology risks and in respect of the management, business and service systems and practices;
- the adequacy and effectiveness of the Group's internal audit function;
- the cost effectiveness, independence and objectivity of the external auditors;
- the approval of compensation to the external auditors;
- the nature and extent of non-audit services provided by the external auditors;
- the recommendation to the Board for the appointment or re-appointment of the external auditors of the Company;
- to report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- interested person transactions to ensure that the current procedures for monitoring of interested party transactions have been complied with.

In performing its functions, the AC:

- met once with the external auditors and internal auditors, without the presence of the Company's Management, and reviewed the overall scope of the external audit, the internal audit and the assistance given by the Management to the auditors;
- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function properly; and
- has full access to and cooperation of the Management and full discretion to invite any Director or key management personnel to attend its meetings.

The external and internal auditors have unrestricted access to the AC.

The AC has undertaken a review of the services, scope, independence and objectivity of the external auditors. Messrs Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a public accounting firm registered with the Accounting & Corporate Regulatory Authority and has provided a confirmation of their independence to the AC. Having assessed the external auditors based on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rule 712 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**")'s listing manual ("**Listing Manual**") has been complied with and has recommended to the Board, the nomination of the external auditors for re-appointment at the forthcoming AGM. The Company has also complied with Rule 715 and Rule 716 of the Listing Manual in relation to its auditing firms.

The AC has undertaken a review of all the non-audit services provided by the external auditors during the year under review and is satisfied that such services would not, in the AC's opinion, affect the independence of the external auditors. Details of the fees paid to the external auditors for the financial year ended 30 June 2015 are disclosed under Note 7 on page 70 of the Annual Report. The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the external auditors of the Company at the forthcoming AGM.

The Company has put in place a whistle-blowing policy endorsed by the AC, by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the AC. The objective for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group's internal audit function has been outsourced to Wensen Consulting Asia (S) Pte. Ltd. ("**Wensen**"), a professional accounting firm. Wensen assists the Group to review the adequacy of internal controls in its financial and operational systems and to provide recommendations to strengthen any weaknesses in its internal controls. Wensen reports to the AC on audit matters and reports administratively to the Executive Directors. The AC also reviews and approves the annual internal audit plans and resources to ensure that Wensen has the necessary resources to adequately perform its functions.

(D) COMMUNICATION WITH SHAREHOLDERS

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company recognizes the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during the AGM which will be held in a convenient location in Singapore. Shareholders are able to proactively engage the Board and the Management on the Group's business activities, financial performance and other business related matters.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Quarterly results are published through the SGXNET, news releases and the Company's website. All information of the Company's new initiatives will be first disseminated via SGXNET followed by a news release, which is also available on the website.

The Company does not practise selective disclosure. Price sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period and are available on the Company's website. All shareholders of the Company receive the annual report and notice of AGM. The notice of AGM is also advertised in the newspapers.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET.

Conduct of Shareholder Meetings

Principle 16: Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. The chairmen of the AC, the NC and the RC of the Company will be present at the general meetings to answer questions from the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary, with the assistance of his representative, prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the Management. These minutes are available to shareholders upon request.

(E) DEALINGS IN SECURITIES

The Company has issued a guideline on share dealings to its Directors and officers (including employees with access to price sensitive information on the Company's shares) of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on such dealings.

In line with Rule 1207(19) of the Listing Manual, the Company issues a notification to its Directors and officers of the Company informing them that they should not deal in the securities of the Company during the periods commencing one month before the announcement of the Company's full-year results and two weeks before the Company's quarterly results until after the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for the financial year ended 30 June 2015, the Company has complied with Rule 1207(19) of the Listing Manual.

(F) INTERESTED PERSON TRANSACTIONS

The aggregate value of the interested person transactions carried out during the financial year ended 30 June 2015 is as follows:

Name of Interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than $100,000) S$'000
Tian San Company (Pte.) Limited	258	NA

(G) MATERIAL CONTRACTS

Except as disclosed in Note 36 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of the Group CEO or each Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of PEC Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2015.

DIRECTORS

The directors of the Company in office at the date of this report are:

Edna Ko Poh Thim
Robert Dompeling
Wong Peng
Dr Foo Fatt Kah
Chia Kim Huat
David Wong Cheong Fook

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Edna Ko Poh Thim	34,950,000	34,950,000	85,750,000	85,750,000
Robert Dompeling	670,000	670,000	–	–
Wong Peng	4,975,000	4,975,000	–	–
Chia Kim Huat	50,000	50,000	–	–
David Wong Cheong Fook	20,000	20,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2015.

Except as disclosed in this report, no other director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

By virtue of Ms. Edna Ko's interest of not less than 20% of the issued share capital of the Company, she is deemed to have an interest in the shares of all subsidiaries of the Company.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (except for emoluments received from related corporation) by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

PEC PERFORMANCE SHARE PLAN (THE "PLAN")

(Unless otherwise defined herein capitalised terms shall have the meanings ascribed in the circular to shareholders dated 9 October 2013.)

The Plan was approved at an Extraordinary General Meeting ("EGM") held on 25 October 2013, for granting awards to eligible full-time employees and Executive Directors. The Plan replaced the PEC Employee Share Option Scheme which had been terminated at the same EGM.

Principal Terms of the Plan

Eligibility

The following persons shall be eligible to participate in the Plan subject to the absolute sole discretion of the Committee:

(a) full time employees who are confirmed in their employment with the Company or any subsidiary as at 30 June of the financial year prior to the Award Date and have been with the Company or its subsidiary for at least twelve (12) Months or such shorter period as the Committee may determine on or prior to the Award Date; and
(b) Executive Directors,

provided always that any of the aforesaid persons:

(i) have attained the age of twenty-one (21) years on or before the Award Date; and
(ii) are not undischarged bankrupts.

Subject to the separate approval by independent Shareholders for their participation in the Plan, Controlling Shareholders and their Associates within the above categories are eligible to participate in the Plan.

Awards

Awards represent the right of a Participant to receive fully paid Shares, free of charge, upon the satisfaction of the prescribed Performance Conditions within the Performance Period. Participants will be granted an Award, under which Shares will be Vested and Released at the end of the Performance Period once the Committee is, at its sole discretion, satisfied that the Performance Conditions have been achieved.

Grant of Awards

Under the rules of the Plan, there are no fixed periods for the grant of Awards. As such, offers for the Awards may be made at any time from time to time at the discretion of the Committee. In considering an award to be granted to a Participant, the Committee may take into account, inter alia, the Participant's rank, job performance, seniority, creativity, innovativeness, entrepreneurship, potential for future development, length of service, contribution to the success and development of the Group and if applicable, the extent of effort and resourcefulness required to achieve the Performance Conditions within the Performance Period.

PEC PERFORMANCE SHARE PLAN (THE "PLAN") (CONT'D)

Principal Terms of the Plan (cont'd)

Vesting of Awards

Awards will typically vest only after the satisfactory completion of the Performance Conditions within the Performance Period. No minimum vesting periods are prescribed under the Plan, and the length of the vesting period(s) in respect of each Award will be determined by the Committee on a case-by-case basis.

Size of the Plan

The aggregate number of Shares to be delivered pursuant to the Vesting of the Awards on any date, when added to the number of Shares issued and issuable in respect of such other Shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent (15%) of the total issued share capital excluding treasury shares of the Company on the day preceding the relevant Award Date.

The aggregate number of Shares available to eligible Controlling Shareholders and their Associates under the Plan shall not exceed twenty five per cent (25%) of the Shares available under the Plan. In addition, the aggregate number of Shares available to each Controlling Shareholder or his Associates shall not exceed ten per cent (10%) of the Shares available under the Plan.

Duration of the Plan

The Plan shall continue in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the date on which the Plan is adopted by the Company in general meeting, provided always that the Plan may continue beyond the above stipulated period with the approval of Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required. The termination or discontinuance of the Plan shall be without prejudice to the rights accrued to any Participant who has been granted Awards, whether such Awards have been Vested (whether fully or partially) or not.

The Plan is administered by the Committee consisting of Board members, namely, Ms Edna Ko Poh Thim, Mr Robert Dompeling, Mr Wong Peng, Dr Foo Fatt Kah, Mr Chia Kim Huat and Mr David Wong Cheong Fook.

Since the commencement of the Plan till the end of the financial year:

- No Awards have been granted to the Controlling Shareholders of the Company and their Associates
- No Participant has received 5% or more of the total Awards available under the Plan
- No Awards have been granted to directors and employees of the Company and its Subsidiaries
- No Awards that entitle the holder to participate by virtue of the Awards, in any share issue of any other corporation have been granted
- No options have been granted at a discount

AUDIT COMMITTEE

The Audit Committee comprises entirely non-executive independent directors, namely, Mr David Wong Cheong Fook (Chairman), Mr Chia Kim Huat and Dr Foo Fatt Kah. The Audit Committee has performed the primary functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, details of which appeared in the Corporate Governance Report.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors,

Edna Ko Poh Thim
Director

Wong Peng
Director

Singapore
12 October 2015

STATEMENT BY DIRECTORS

We, Edna Ko Poh Thim and Wong Peng, being two of the directors of PEC Ltd. (the "Company"), do hereby state that, in the opinion of the directors:

(i) the accompanying balance sheets, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2015 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors,

Edna Ko Poh Thim
Director

Wong Peng
Director

Singapore
12 October 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PEC LTD.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of PEC Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 42 to 112 which comprise the balance sheets of the Group and the Company as at 30 June 2015, the statements of changes in equity of the Group and the Company, the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
12 October 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	Note	2015 $	(Restated) 2014 $
Revenue	4	499,611,834	448,973,307
Cost of sales		(406,606,254)	(350,923,327)
Gross profit		93,005,580	98,049,980
Other operating income	5	4,619,948	7,145,353
Expenses			
Administrative expenses		(26,706,153)	(31,130,725)
Other operating expenses		(78,204,783)	(61,399,933)
Finance expenses	6	(1,248,896)	(550,403)
Share of results of associate		1,298,187	1,268,361
Share of results of joint ventures		–	(76,317)
(Loss)/profit before taxation	7	(7,236,117)	13,306,316
Income tax credit/(expense)	8	1,896,484	(3,243,537)
(Loss)/profit for the financial year		(5,339,633)	10,062,779
(Loss)/profit for the financial year attributable to:			
Owners of the Company	35	(6,885,150)	9,058,517
Non-controlling interests		1,545,517	1,004,262
		(5,339,633)	10,062,779
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value reserve	15	(8,978)	(1,383)
Foreign currency translation		2,560,290	(419,963)
Other comprehensive income for the financial year, net of tax		2,551,312	(421,346)
Total comprehensive income for the financial year		(2,788,321)	9,641,433
Total comprehensive income for the financial year attributable to:			
Owners of the Company		(4,747,012)	8,733,887
Non-controlling interests		1,958,691	907,546
		(2,788,321)	9,641,433
Earnings per share (cents per share)			
Basic and diluted	35	(2.7)	3.6

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 30 June 2015

	Note	Group 30.6.2015 $	Group (Restated) 30.6.2014 $	Group (Restated) 1.7.2013 $	Company 30.6.2015 $	Company 30.6.2014 $
Non-current assets						
Property, plant and equipment	9	97,984,529	99,037,675	110,471,944	55,221,925	61,945,697
Investment properties	10	7,956,086	7,293,420	–	–	–
Intangible assets	11	2,086,605	2,239,235	1,731,908	166,500	202,350
Land use rights	12	750,343	669,759	701,092	–	–
Investment in subsidiaries	13	–	–	–	29,389,564	29,609,564
Investment in joint ventures		–	–	557,319	–	–
Investment in an associate	14	4,640,950	3,587,763	2,564,402	354,320	354,320
Investment securities	15	35,146	44,124	45,507	35,146	44,124
Prepayment		2,534,204	2,284,953	–	2,534,203	2,284,953
Loans due from a subsidiary	21	–	–	–	12,540,000	12,140,000
Deferred tax assets	28	1,181,549	394,610	–	634,802	–
		117,169,412	115,551,539	116,072,172	100,876,460	106,581,008
Current assets						
Contracts-in-progress (net of progress billings)	16	35,449,753	44,437,673	30,452,380	5,314,190	31,419,192
Accrued income	17	24,995,232	17,589,586	30,799,349	17,613,630	10,241,641
Inventories	18	725,617	575,508	542,743	–	–
Prepayments		2,775,367	3,090,912	2,141,529	599,432	676,559
Trade receivables	19	97,298,664	69,315,104	97,282,210	48,927,498	45,113,780
Other receivables and deposits	20	10,944,939	5,505,719	6,838,599	2,397,181	2,491,428
Amounts/loans due from subsidiaries	21	–	–	–	11,072,550	15,140,208
Bank deposits pledged	22	348,741	202,675	–	–	–
Cash and short-term deposits	22	113,826,074	82,309,134	80,265,106	47,514,875	48,267,559
Assets held for sale	23	2,081,310	–	–	–	–
		288,445,697	223,026,311	248,321,916	133,439,356	153,350,367
Total assets		405,615,109	338,577,850	364,394,088	234,315,816	259,931,375

BALANCE SHEETS

As at 30 June 2015

	Note	Group 30.6.2015 $	Group (Restated) 30.6.2014 $	(Restated) 1.7.2013 $	Company 30.6.2015 $	Company 30.6.2014 $
Current liabilities						
Provisions	24	2,795,546	2,714,096	2,702,460	1,755,555	1,733,996
Income tax payable		1,107,874	2,411,223	864,206	696,385	2,098,434
Loans and borrowings	25	16,787,202	4,290,609	6,294,963	24,160	–
Progress billings in excess of costs	16	45,090,592	3,470,150	5,867,502	960,725	75,000
Trade payables	26	39,567,512	29,119,006	45,045,675	19,031,181	17,160,381
Other payables and accruals	27	67,250,486	60,266,660	71,807,766	26,476,965	33,433,889
		172,599,212	102,271,744	132,582,572	48,944,971	54,501,700
Net current assets		115,846,485	120,754,567	115,739,344	84,494,385	98,848,667
Non-current liabilities						
Provisions	24	1,363,226	1,593,226	1,673,226	1,238,226	1,238,226
Deferred tax liabilities	28	1,263,255	2,902,815	2,887,854	–	1,434,436
Loans and borrowings	25	12,027,010	5,556,198	3,248,522	91,275	–
		14,653,491	10,052,239	7,809,602	1,329,501	2,672,662
Total liabilities		187,252,703	112,323,983	140,392,174	50,274,472	57,174,362
Net assets		218,362,406	226,253,867	224,001,914	184,041,344	202,757,013
Equity attributable to owners of the Company						
Share capital	29	58,481,409	58,481,409	58,481,409	58,481,409	58,481,409
Statutory reserve	30	1,085,454	1,085,454	1,085,454	–	–
Retained earnings		147,217,136	159,205,426	156,498,063	125,542,439	144,249,130
Fair value reserve	31	17,496	26,474	27,857	17,496	26,474
Premium paid on acquisition of non-controlling interests	32	(2,764,758)	(2,764,758)	(2,698,803)	–	–
Foreign currency translation reserve	33	990,709	(1,156,407)	(833,160)	–	–
		205,027,446	214,877,598	212,560,820	184,041,344	202,757,013
Non-controlling interests		13,334,960	11,376,269	11,441,094	–	–
Total equity		218,362,406	226,253,867	224,001,914	184,041,344	202,757,013
Total equity and liabilities		405,615,109	338,577,850	364,394,088	234,315,816	259,931,375

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

	Note	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 $
		Attributable to owners of the Company								
Group										
Opening balance at 1 July 2014 (As previously stated)		58,481,409	1,085,454	158,249,091	26,474	(2,764,758)	(1,042,115)	214,035,555	11,530,458	225,566,013
Cumulative effect of adopting FRS 110		–	–	956,335	–	–	(114,292)	842,043	(154,189)	687,854
Opening balance at 1 July 2014 (Restated)		58,481,409	1,085,454	159,205,426	26,474	(2,764,758)	(1,156,407)	214,877,598	11,376,269	226,253,867
(Loss)/profit for the financial year		–	–	(6,885,150)	–	–	–	(6,885,150)	1,545,517	(5,339,633)
Other comprehensive income										
Net change in fair value reserve	15	–	–	–	(8,978)	–	–	(8,978)	–	(8,978)
Foreign currency translation		–	–	–	–	–	2,147,116	2,147,116	413,174	2,560,290
Other comprehensive income for the financial year, net of tax		–	–	–	(8,978)	–	2,147,116	2,138,138	413,174	2,551,312
Total comprehensive income for the financial year		–	–	(6,885,150)	(8,978)	–	2,147,116	(4,747,012)	1,958,691	(2,778,321)
Contributions by and distributions to owners										
Dividends on ordinary shares	34	–	–	(5,103,140)	–	–	–	(5,103,140)	–	(5,103,140)
Total contributions by and distributions to owners		–	–	(5,103,140)	–	–	–	(5,103,140)	–	(5,103,140)
Closing balance at 30 June 2015		58,481,409	1,085,454	147,217,136	17,496	(2,764,758)	990,709	205,027,446	13,334,960	218,362,406

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

	Note	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
		$	$	$	$	$	$	$	$	$
Group										
Opening balance at 1 July 2013 (As previously stated)		58,481,409	1,085,454	155,541,728	27,857	(2,698,803)	(718,868)	211,718,777	11,635,255	223,354,032
Cumulative effect of adopting FRS 110		–	–	956,335	–	–	(114,292)	842,043	(194,161)	647,882
Opening balance at 1 July 2013 (Restated)		58,481,409	1,085,454	156,498,063	27,857	(2,698,803)	(833,160)	212,560,820	11,441,094	224,001,914
Profit for the financial year		–	–	9,058,517	–	–	–	9,058,517	1,004,262	10,062,779
Other comprehensive income										
Net change in fair value reserve	15	–	–	–	(1,383)	–	–	(1,383)	–	(1,383)
Foreign currency translation		–	–	–	–	–	(323,247)	(323,247)	(96,716)	(419,963)
Other comprehensive income for the financial year, net of tax		–	–	–	(1,383)	–	(323,247)	(324,630)	(96,716)	(421,346)
Total comprehensive income for the financial year		–	–	9,058,517	(1,383)	–	(323,247)	8,733,887	907,546	9,641,433
Contributions by and distributions to owners										
Dividends paid to minority shareholders by a subsidiary		–	–	–	–	–	–	–	(875,621)	(875,621)
Dividends on ordinary shares	34	–	–	(6,378,925)	–	–	–	(6,378,925)	–	(6,378,925)
Total contributions by and distributions to owners		–	–	(6,378,925)	–	–	–	(6,378,925)	(875,621)	(7,254,546)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests		–	–	–	–	(65,955)	–	(65,955)	(93,979)	(159,934)
Dilution of interest in a subsidiary		–	–	27,771	–	–	–	27,771	(27,771)	–
Additional investments by minority shareholders without a change in control		–	–	–	–	–	–	–	25,000	25,000
Total changes in ownership interests in subsidiaries		–	–	27,771	–	(65,955)	–	(38,184)	(96,750)	(134,934)
Total transactions with owners in their capacity as owners		–	–	(6,351,154)	–	(65,955)	–	(6,417,109)	(972,371)	(7,389,480)
Closing balance at 30 June 2014 (Restated)		58,481,409	1,085,454	159,205,426	26,474	(2,764,758)	(1,156,407)	214,877,598	11,376,269	226,253,867

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2015

	Note	Share capital $	Retained earnings $	Fair value reserve $	Equity, Total $
Company					
Opening balance at 1 July 2014		58,481,409	144,249,130	26,474	202,757,013
Loss for the financial year		–	(13,603,551)	–	(13,603,551)
Net change in fair value reserve	15	–	–	(8,978)	(8,978)
Total comprehensive income for the financial year		–	(13,603,551)	(8,978)	(13,612,529)
Contributions by and distributions to owners					
Dividends on ordinary shares	34	–	(5,103,140)	–	(5,103,140)
Total contributions by and distributions to owners		–	(5,103,140)	–	(5,103,140)
Closing balance at 30 June 2015		58,481,409	125,542,439	17,496	184,041,344
Opening balance at 1 July 2013		58,481,409	132,749,226	27,857	191,258,492
Profit for the financial year		–	17,878,829	–	17,878,829
Net change in fair value reserve	15	–	–	(1,383)	(1,383)
Total comprehensive income for the financial year		–	17,878,829	(1,383)	17,877,446
Contributions by and distributions to owners					
Dividends on ordinary shares	34	–	(6,378,925)	–	(6,378,925)
Total contributions by and distributions to owners		–	(6,378,925)	–	(6,378,925)
Closing balance at 30 June 2014		58,481,409	144,249,130	26,474	202,757,013

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2015

	Note	2015 $	(Restated) 2014 $
Operating activities:			
(Loss)/profit before taxation		(7,236,117)	13,306,316
Adjustments for:			
Interest income	5	(372,545)	(484,365)
Net gain on disposal of property, plant and equipment	5	(221,308)	(761,266)
Net gain on disposal on an investment property	5	(55,620)	–
Net gain on disposal of investment	5	(193,385)	–
Net loss on disposal of intangible asset	7	900	–
Write back of allowance for impairment of trade receivables	5	(934,320)	(1,716,248)
Interest expense	6	548,815	328,430
Amortisation of land use rights	7	23,184	21,753
Amortisation of other intangible assets	7	149,130	90,323
Depreciation of property, plant and equipment	7	14,646,490	14,800,746
Depreciation of investment property	7	190,942	142,450
Impairment loss on property, plant and equipment	7	318,633	–
Impairment of contracts-in-progress	7	–	1,574,447
Impairment of trade receivables	7	17,803,769	2,832,412
Impairment of accrued income	7	546,110	–
Provision, net		(148,550)	(68,364)
Share of results of associate		(1,298,187)	(1,268,361)
Share of results of joint ventures		–	76,317
Currency realignment		1,073,829	303,702
Operating cash flows before changes in working capital		24,841,770	29,178,292
Decrease/(increase) in contracts-in-progress and progress billings		50,608,362	(17,957,091)
(Increase)/decrease in accrued income		(7,951,756)	13,209,763
Increase in inventories		(150,109)	(32,765)
(Increase)/decrease in trade receivables, other receivables and deposits, and prepayments		(50,225,935)	27,234,438
Increase/(decrease) in trade payables, and other payables and accruals		17,432,332	(27,467,775)
Cash flows generated from operations		34,554,664	24,164,862
Interest paid		(548,815)	(328,430)
Interest received		372,545	484,365
Tax paid		(1,833,365)	(2,076,169)
Net cash flows generated from operating activities		32,545,029	22,244,628

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 30 June 2015

	Note	2015 $	(Restated) 2014 $
Investing activities:			
Purchase of property, plant and equipment	9	(17,603,365)	(11,672,876)
Acquisition of other intangible assets	11	–	(597,650)
Acquisition of land use rights	12	(43,446)	–
Proceeds from disposal of joint venture		–	50,001
Dividend income from a joint venture		–	431,000
Dividend income from an associate		245,000	245,000
Net cash outflow on acquisition of non-controlling interests		–	(159,934)
Advance payment to purchase property, plant and equipment		–	(2,284,953)
Proceeds from disposal of property, plant and equipment		1,940,937	1,422,481
Proceeds from disposal of an investment property		467,290	–
Proceeds from disposal of intangible assets		2,600	–
Net cash flows used in investing activities		(14,990,984)	(12,566,931)
Financing activities:			
Dividends paid to non-controlling interests		–	(875,621)
Dividends paid on ordinary shares	34	(5,103,140)	(6,378,925)
Repayment of loans and borrowings		(9,919,832)	(6,710,431)
Proceeds from loans and borrowings		27,607,653	7,072,525
Additional investments by subsidiaries' minority shareholders		–	25,000
Changes in bank deposits pledged		(146,066)	(202,675)
Net cash flows generated from/(used in) financing activities		12,438,615	(7,070,127)
Net increase in cash and cash equivalents		29,992,660	2,607,570
Effect of exchange rate changes on cash and cash equivalents		810,261	(294,833)
Cash and cash equivalents at 1 July		82,202,831	79,890,094
Cash and cash equivalents at 30 June	22	113,005,752	82,202,831

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2015

1. CORPORATE INFORMATION

PEC Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited.

The registered office and principal place of business of the Company is located at 21 Shipyard Road, Singapore 628144.

The principal activities of the Company are the provision of mechanical engineering and contracting services. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are presented in Singapore Dollars (SGD or $), and have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except as discussed below.

FRS 110 *Consolidated Financial Statements*

Upon application of FRS 110, the Group concluded that it has control over PECI-Thai Company Ltd which was previously accounted for as an associated company.

The Group acquired 49% of ownership interest in PECI-Thai Company Ltd in 1997 and there was no change in the Group's ownership in PECI-Thai Company Ltd since then. The remaining 51% of the ordinary shares of PECI-Thai Company Ltd are owned by 3 other shareholders.

In assessing whether the Group has control over an investee where the Group holds less than a majority of voting rights, the Group considers additional facts and circumstances that indicate the Group has the current ability to direct the relevant activities of the investee.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 110 *Consolidated Financial Statements (cont'd)*

The change in accounting policy has been applied retrospectively in accordance with the transitional positions in FRS 110. The assets, liabilities and non-controlling interests in PECI-Thai Company Ltd are measured as if PECI-Thai Company Ltd had been consolidated from the date when the Group obtained control in 1997, by applying the requirements of FRS 103 (issued 2004). The effects of adoption of the financial statements are as follows:

	Group	
	(Restated) As at 30 June 2014	**(Restated) As at 1 July 2013**
	$	$
(Decrease)/increase in:		
Consolidated balance sheet		
Property, plant and equipment	1,085,952	1,205,642
Trade and other receivables	1,225,842	3,646,642
Cash and short-term deposits	127,201	78,732
Trade and other payables	1,427,841	5,667,587
Provisions	(990,186)	(1,028,592)
Loans and borrowings	3,732,482	3,091,262
Impact on net assets	687,854	647,882
Non-controlling interests	(154,189)	(194,161)
Others reserves	842,043	842,043
Impact on equity	687,854	647,882

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

FRS 110 *Consolidated Financial Statements (cont'd)*

	Group (Restated) As at 30 June 2014 $
Increase in:	
Consolidated income statement	
Revenue	9,256,043
Cost of sales	7,728,714
Interest income	975
Other operating income	694
Other operating expenses	324,671
Administrative expenses	979,127
Share of results of associate	38,406
Finance expenses	157,266
Income tax expense	–
Profit for the financial year	29,528
Profit for the financial year attributable to:	
Owners of the Company	–
Non-controlling interests	29,528
Basic earnings per share (cents per share)	–
Diluted earnings per share (cents per share)	–
Consolidated statement of comprehensive income	
Foreign currency translation	10,444
Net change in fair value reserve	–
Other comprehensive income for the financial year, net of tax	10,444
Total comprehensive income for the financial year	39,972
Total comprehensive income for the financial year attributable to:	
Owners of the Company	–
Non-controlling interests	39,972
	39,972

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception (Editorial corrections in June 2015)*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosure*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Except for FRS 115, the Directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 are described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations and goodwill (cont'd)

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land and buildings	–	14 to 50 years
Plant machinery and site equipment	–	3 to 15 years
Motor vehicles	–	4 to 10 years
Office equipment, furniture and fittings, and renovation	–	3 to 10 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the shorter of its estimated useful life or remaining lease term of 41 to 85 years.

Investment properties are derecognised when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfer is made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying net book value at the date of change in use. For a transfer from owner-occupied property to investment property, the property was accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group does not have intangible assets with indefinite useful lives, except for goodwill disclosed in Note 2.4(b).

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Club membership

The club membership is amortised on a straight-line basis over its finite useful life of 10 years.

Licence

The licence was acquired separately and is amortised on a straight-line basis over its finite useful life of 5 years.

2.10 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. Amortisation is charged to profit or loss on a straight-line basis over the period of the lease term, which ranges between 48 to 69 years.

2.11 Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment and investment properties once classified as held for sale are not depreciated or amortised.

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Associate

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associate using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The profit or loss reflects the share of results of the operations of the associate. Distributions received from associate reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statement of the associated company is used by the Group in applying the equity method. Where the date of the audited financial statement used is not co-teminus with those of the Group, the share of results is arrived at from the last audited financial statement available and unaudited management financial statement to the end of the financial year. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investment in an associate is accounted for at cost less any impairment losses.

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.15 Construction contracts

Contract work-in-progress in the balance sheet comprises actual costs and profits recognised less provision for anticipated losses and progress billings and customers advances received.

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated total budgeted costs.

Contract revenue - Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue, and they can be reliably measured.

Contract costs - Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract. Costs that relate directly to a specific contract comprise: site labour costs (including site supervision); costs of materials used in construction; depreciation of equipment used on the contract; cost of design, and technical assistance that is directly related to the contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.17 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(ii) *Available-for-sale financial assets*

Available-for-sale financial assets include equity securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial instruments (cont'd)

(a) *Financial assets (cont'd)*

(ii) *Available-for-sale financial assets (cont'd)*

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability expires or is discharged or cancelled. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 Impairment of financial assets

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits, which are subject to an insignificant risk of changes in value. These also include bank overdrafts, which form an integral part of the Group's cash management.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Leases

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.24 (e). Contingent rents are recognised as revenue in the period in which they are earned.

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Contract revenue*

Contract revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method). The accounting policy for construction contracts is set out in Note 2.15.

(b) *Revenue from maintenance services*

Revenue from maintenance services rendered is recognised by reference to the stage of completion of the maintenance contract. The stage of completion is determined by the proportion of costs incurred to date to the estimated total costs of the transaction.

(c) *Rendering of services*

Revenue from services rendered is recognised upon delivery of services and acceptance by customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue (cont'd)

(d) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(e) *Rental income*

Rental income arising from operating leases on investment properties and equipment are accounted for on a straight-line basis over the lease term.

(f) *Interest income*

Interest income is recognised using the effective interest method.

(g) *Dividend income*

Dividend is recognised when the Group's right to receive the payment is established.

2.25 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investment in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investment in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.27 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has not made any significant judgements, which have a significant effect on the carrying amounts of assets and liabilities recognised in the financial statements within the next financial period.

3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Recognition of construction revenue

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required in determining the total contract costs and the recoverable amount of variation works that affect the stage of completion and the amount of revenue recognised. In making these judgments, management has relied on past experience and knowledge of the project managers. The carrying amounts of assets and liabilities arising from construction contracts at the end of each reporting period are disclosed in Note 16 to the financial statements.

If the estimated total contract cost of major projects had been 10% higher/lower than management's estimate, the carrying amount of the net assets arising from major construction contracts would have been approximately $19,800,000 (2014: $8,600,000) lower and $20,200,000 (2014: $8,500,000) higher respectively.

(b) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 20 to the financial statements.

4. REVENUE

	Group 2015 $	(Restated) 2014 $
Contract revenue	335,622,489	307,933,955
Revenue from maintenance services	163,034,287	139,820,382
Rendering of services	371,406	386,600
Sale of goods	169,817	317,052
Rental of equipment and investment properties	413,835	515,318
	499,611,834	448,973,307

5. OTHER OPERATING INCOME

	Note	Group 2015 $	(Restated) 2014 $
Net gain on disposal of property, plant and equipment		221,308	761,266
Net gain on disposal of an investment property		55,620	–
Net gain on disposal of investments		193,385	–
Insurance claims		589,466	231,617
Interest income from fixed deposits		372,545	484,365
Rental income		132,658	107,532
Write back of allowance for impairment of trade receivables	19	934,320	1,716,248
Training income		213,134	314,843
Income from sale of scrap material		454,849	946,364
Sundry income		1,452,663	2,583,118
		4,619,948	7,145,353

Sundry income mainly includes government grants and incentives received and recharges to subcontractors.

6. FINANCE EXPENSES

	Group 2015 $	Group (Restated) 2014 $
Bank charges	700,081	221,973
Interest expense on hire purchase	22,737	20,581
Interest expense on loans and trust receipts	526,078	307,849
	1,248,896	550,403

7. PROFIT BEFORE TAXATION

The following items have been included in arriving at profit before taxation:

	Note	Group 2015 $	Group (Restated) 2014 $
Audit fees:			
- Auditors of the Company		304,377	361,650
- Other auditors		42,734	61,882
Non-audit fees:			
- Auditors of the Company		73,325	73,532
- Other auditors		–	–
Employee benefits expenses (including directors' remuneration):			
- Wages, salaries and bonuses		164,340,127	150,873,084
- Defined contribution expense		5,787,577	5,355,492
- Other short term employee benefits		6,692,318	6,131,702
Other operating expenses:			
- Net loss on disposal of intangible asset		900	–
- Impairment loss on property, plant and equipment	9	318,633	–
- Depreciation of property, plant and equipment	9	14,646,490	14,800,746
- Depreciation of investment property	10	190,942	142,450
- Amortisation of intangible assets	11	149,130	90,323
- Amortisation of land use rights	12	23,184	21,753
- Impairment of contract in progress	16	–	1,574,447
- Impairment of trade receivables	19	17,803,769	2,832,412
- Impairment of accrued income	17	546,110	–
- Operating lease expense on leasehold land and properties	37(b)	3,058,162	3,315,531
- Operating lease expense on office equipment	37(b)	105,089	83,636
- Accommodation expenses		12,786,264	13,884,763
- Exchange loss, net		622,305	485,931
- Employee welfare		5,112,634	4,301,739
- Insurance		2,834,461	2,165,121
- Maintenance, upkeep and repair of plant and equipment		4,585,319	4,416,620
- Transport expenses		4,407,814	3,410,561
- Personal protective equipment		3,450,502	2,439,371

8. INCOME TAX (CREDIT)/EXPENSE

The major components of income tax (credit)/expense for the financial years ended 30 June are:

		Group	
	Note	2015 $	(Restated) 2014 $
Consolidated statement of comprehensive income:			
Current income tax:			
- Current income taxation		1,145,258	2,487,826
- (Over)/under provision in respect of prior years		(615,243)	1,135,360
		530,015	3,623,186
Deferred income tax:			
- Origination and reversal of temporary differences	28	(2,659,643)	(444,096)
- Under provision in respect of prior years	28	233,144	64,447
		(2,426,499)	(379,649)
Income tax (credit)/expense recognised in profit or loss		(1,896,484)	3,243,537

The reconciliation between the tax (credit)/expense and product of accounting (loss)/profit multiplied by the applicable tax rate for the financial years ended 30 June is as follows:

(Loss)/Profit before taxation	(7,236,117)	13,306,316
Tax at statutory tax rate of 17% (2014: 17%)	(1,230,140)	2,262,074
Adjustments:		
Non-deductible expenses	854,425	259,544
Income not subject to taxation	(238,282)	(277,659)
Effect of differences in statutory tax rates	(441,770)	271,255
Benefits from previously unrecognised deferred tax assets	(87,782)	–
(Over)/under provision in respect of prior years	(382,099)	1,199,807
Effect of partial tax exemption and tax relief	(572,903)	(792,043)
Withholding tax on dividends and undistributed earnings	102,575	438,792
Deferred tax assets not recognised	320,184	84,414
Share of results of associate	(220,692)	(215,621)
Share of results of joint ventures	–	12,974
Income tax (credit)/expense recognised in profit or loss	(1,896,484)	3,243,537

9. PROPERTY, PLANT AND EQUIPMENT

	Note	Leasehold land and buildings	Plant machinery and site equipment	Motor vehicles	Office equipment, furniture and fittings, and renovation	Workshop, office and staff quarters	Construction in progress	Total
		$	$	$	$	$	$	$
Group								
Cost:								
At 1 July 2013 (Restated)		59,128,120	78,425,933	20,813,121	14,264,159	5,720,465	4,972,423	183,324,221
Additions		45,686	3,728,438	914,299	4,234,117	–	2,962,026	11,884,566
Disposals		(81,713)	(1,526,935)	(703,620)	(1,746,968)	–	–	(4,059,236)
Reclassification		5,226,535	(51,974)	514,237	97,170	(5,646,861)	(139,107)	–
Transfer to investment properties	10	–	–	–	–	–	(7,435,870)	(7,435,870)
Currency realignment		(208,948)	(253,099)	(97,176)	(61,858)	(73,604)	–	(694,685)
At 30 June 2014 and 1 July 2014 (Restated)		64,109,680	80,322,363	21,440,861	16,786,620	–	359,472	183,018,996
Additions		8,647,668	5,678,700	2,022,483	1,487,602	–	26,600	17,863,053
Disposals		–	(1,847,186)	(612,316)	(1,566,105)	–	–	(4,025,607)
Reclassification		16,141	4,110,588	(4,110,587)	256,880	–	(273,022)	–
Reversal of reinstatement cost		(230,000)	–	–	–	–	–	(230,000)
Transfer to investment properties	10	(2,245,724)	–	–	–	–	–	(2,245,724)
Transfer to assets held for sale		(2,256,580)	–	–	–	–	–	(2,256,580)
Currency realignment		538,063	1,113,686	288,848	53,275	–	–	1,993,872
At 30 June 2015		68,579,248	89,378,151	19,029,289	17,018,272	–	113,050	194,118,010
Accumulated depreciation and impairment loss:								
At 1 July 2013 (Restated)		9,381,744	39,985,819	11,518,464	11,629,239	337,011	–	72,852,277
Charge for the financial year	7	3,054,377	6,765,325	2,149,463	2,533,079	298,502	–	14,800,746
Disposals		(81,542)	(1,237,522)	(398,270)	(1,680,686)	–	–	(3,398,020)
Reclassification		721,791	(145,117)	88,901	(34,610)	(630,965)	–	–
Currency realignment		(31,945)	(143,619)	(53,582)	(39,988)	(4,548)	–	(273,682)
At 30 June 2014 and 1 July 2014 (Restated)		13,044,425	45,224,886	13,304,976	12,407,034	–	–	83,981,321
Charge for the financial year	7	3,298,179	6,924,144	2,039,759	2,384,408	–	–	14,646,490
Disposals		–	(1,000,867)	(570,310)	(920,488)	–	–	(2,491,665)
Impairment loss		–	318,633	–	–	–	–	318,633
Reversal of reinstatement cost		(44,312)	–	–	–	–	–	(44,312)
Transfer to investment properties		(103,482)	–	–	–	–	–	(103,482)
Transfer to assets held for sale		(1,063,609)	–	–	–	–	–	(1,063,609)
Reclassification		–	1,584,608	(1,584,608)	–	–	–	–
Currency realignment		155,261	569,949	182,992	(18,097)	–	–	890,105
At 30 June 2015		15,286,462	53,621,353	13,372,809	13,852,857	–	–	96,133,481
Net carrying amount:								
As at 30 June 2014 (Restated)		51,065,255	35,097,477	8,135,885	4,379,586	–	359,472	99,037,675
As at 30 June 2015		53,292,786	35,756,798	5,656,480	3,165,415	–	113,050	97,984,529

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Leasehold land and buildings $	Plant machinery and site equipment $	Motor vehicles $	Office equipment, furniture and fittings, and renovation $	Total $
Company					
Cost:					
At 1 July 2013	45,651,171	47,944,605	13,166,036	8,357,888	115,119,700
Additions	–	1,094,589	270,871	3,719,868	5,085,328
Disposals	–	(1,069,414)	(463,767)	(577,706)	(2,110,887)
At 30 June 2014 and 1 July 2014	45,651,171	47,969,780	12,973,140	11,500,050	118,094,141
Additions	–	765,872	641,396	916,719	2,323,987
Disposals	–	(519,233)	(198,000)	(687,630)	(1,404,863)
At 30 June 2015	45,651,171	48,216,419	13,416,536	11,729,139	119,013,265
Accumulated depreciation:					
At 1 July 2013	6,283,327	27,492,349	7,550,255	7,423,292	48,749,223
Charge for the financial year	2,713,156	3,367,188	1,199,824	1,856,881	9,137,049
Disposals	–	(947,870)	(215,960)	(573,998)	(1,737,828)
At 30 June 2014 and 1 July 2014	8,996,483	29,911,667	8,534,119	8,706,175	56,148,444
Charge for the financial year	2,713,155	3,079,227	1,195,363	1,787,919	8,775,664
Disposals	–	(250,861)	(197,999)	(683,908)	(1,132,768)
At 30 June 2015	11,709,638	32,740,033	9,531,483	9,810,186	63,791,340
Net carrying amount:					
As at 30 June 2014	36,654,688	18,058,113	4,439,021	2,793,875	61,945,697
As at 30 June 2015	33,941,533	15,476,386	3,885,053	1,918,953	55,221,925

9. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases

During the financial year, the Group acquired motor vehicles, plant machinery and site equipment with cost of $259,688 (2014: $211,690) by means of finance leases. The net cash outflow on acquisition of property, plant and equipment amounted to $17,603,365 (2014: $11,672,876).

As at 30 June 2015, carrying amount of motor vehicles, plant machinery and site equipment and office equipment held under finance leases were $459,765 (2014: $324,006), $35,387 (2014: $130,233) and $6,439 (2014: $8,880) respectively.

Leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security

In addition to assets held under finance leases, certain of the Group's leasehold land and building with a carrying amount of $8,492,100 (2014: $Nil) are mortgaged to secure one of the Group's bank loan (Note 25).

Impairment of assets

During the financial year, a subsidiary of the Group within the project works segment, carried out a review of the recoverable amount of its site equipment as the subsidiary was making losses. An impairment loss of $318,633 (2014: $Nil), representing the write-down of these equipment to the recoverable amount was recognized in "Other operating expenses" line item of the statement of comprehensive income for the financial year ended 30 June 2015. The recoverable amount was based on the estimated fair value less costs to sell.

Transfer to investment properties

The Group transferred a leasehold property to investment property upon the commencement of operating leases to external parties.

10. INVESTMENT PROPERTIES

	Note	Group 2015 $	Group 2014 $
Balance sheet			
Cost:			
At 1 July		7,435,870	–
Disposals		(419,710)	–
Transfer from property, plant and equipment	9	2,245,724	7,435,870
Transfer to assets held for sale	23	(905,690)	–
At 30 June		8,356,194	7,435,870
Accumulated depreciation:			
At 1 July		(142,450)	–
Charge for the financial year	7	(190,942)	(142,450)
Disposals		8,040	–
Transfer from property, plant and equipment	9	(103,482)	–
Transfer to assets held for sale	23	17,351	–
Currency realignment		11,375	–
At 30 June		(400,108)	(142,450)
Net carrying amount:			
At 30 June		7,956,086	7,293,420
Income statement			
Rental income from investment properties:			
- Minimum lease payments		345,108	–
Direct operating expenses (including repairs and maintenance) arising from:			
- Rental generating property		325,411	92,448

The Group has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Fair value of the investment properties, estimated by independent valuer, amounted to $9,256,373 (2014: $8,705,000) by reference to comparable market transactions that consider recent sale of similar properties that have been transacted in the open market.

10. INVESTMENT PROPERTIES (CONT'D)

Assets pledged as security

The Group's investment property with a carrying amount of $5,852,941 (2014: $7,293,420) is mortgaged to secure one of the Group's bank loan (Note 25).

The investment properties held by the Group as at 30 June 2015 is as follows:

Description and Location	**Existing Use**	**Tenure**	**Unexpired lease term**
14 strata-titled factory units of a light industrial development known as The Elitist, Singapore	Offices	Leasehold	41 years
64 units of residential apartment at block C3 Seri Mengkuang, Malaysia	Residential	Leasehold	85 years

11. INTANGIBLE ASSETS

	Note	**Goodwill**	**Other intangible assets**		
			Club membership	**Licence**	**Total**
		$	$	$	$
Group					
Cost:					
At 1 July 2013		1,496,708	533,140	–	2,029,848
Addition during the financial year		–	27,500	570,150	597,650
At 30 June 2014 and 1 July 2014		1,496,708	560,640	570,150	2,627,498
Disposals		–	(6,000)	–	(6,000)
At 30 June 2015		1,496,708	554,640	570,150	2,621,498
Accumulated amortisation:					
At 1 July 2013		–	297,940	–	297,940
Amortisation	7	–	33,308	57,015	90,323
At 30 June 2014 and 1 July 2014		–	331,248	57,015	388,263
Amortisation	7	–	35,100	114,030	149,130
Disposals		–	(2,500)	–	(2,500)
At 30 June 2015		–	363,848	171,045	534,893
Net carrying amount:					
As at 30 June 2014		1,496,708	229,392	513,135	2,239,235
As at 30 June 2015		1,496,708	190,792	399,105	2,086,605

11. INTANGIBLE ASSETS (CONT'D)

	Club membership $
Company	
Cost:	
At 1 July 2013, 30 June 2014 and 1 July 2014	533,140
Disposals	(6,000)
At 30 June 2015	527,140
Accumulated amortisation:	
At 1 July 2013	297,940
Amortisation	32,850
At 30 June 2014 and 1 July 2014	330,790
Amortisation	32,350
Disposals	(2,500)
At 30 June 2015	360,640
Net carrying amount:	
At 30 June 2014	202,350
At 30 June 2015	166,500

Impairment testing of goodwill

Goodwill acquired through business combinations have been allocated to a cash-generating unit for purposes of impairment testing. The recoverable amount was determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year forecast period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are 6.1% (2014: 8.8%) and 1.0% (2014: 1.0%) respectively.

11. INTANGIBLE ASSETS (CONT'D)

Key assumptions used in the value in use calculations

The calculations of value in use for the cash-generating units are most sensitive to the following assumptions:

Growth rates	–	The forecasted growth rates are based on past performance and its expectation of business developments.
Pre-tax discount rates	–	Discount rates represents the current market assessment of the risks specific to each cash-generating unit, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Specific risk is incorporated by applying individual beta factors, which are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for goodwill, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

Impairment loss recognised

No impairment loss was recognised in the current financial year in respect of the goodwill attributed to a cash-generating unit.

Other intangible assets

Other intangible assets pertain to licence fee and transferable club memberships. Licence pertains to the right to service and use certain specific equipment. Club memberships are registered in the name of directors and senior managers and are held in trust for the Company. The amortisation expense is included in "Other operating expense" line item in profit or loss. Other intangible assets have a remaining tenure of 4 to 9 years (2014: 5 to 10 years).

12. LAND USE RIGHTS

	Note	Group 2015 $	Group 2014 $
Cost:			
At 1 July		865,780	875,799
Additions		43,446	–
Currency realignment		81,137	(10,019)
At 30 June		990,363	865,780
Accumulated amortisation:			
At 1 July		196,021	174,707
Charge for the financial year	7	23,184	21,753
Currency realignment		20,815	(439)
At 30 June		240,020	196,021
Net carrying amount:			
At 30 June		750,343	669,759
Amount to be amortised:			
- Not later than one year		25,004	22,320
- Later than one year but not later than five years		100,016	89,280
- Later than five years		625,322	558,159

The Group has land use rights over three plots of state-owned land in People's Republic of China ("PRC") where the Group's PRC office and hostel for employees reside. The land use rights are transferrable upon approval from local government and have a remaining tenure of 38 to 67 years (2014: 39 to 64 years).

Amortisation expenses are included in "Other operating expense" line item in profit or loss.

13. INVESTMENT IN SUBSIDIARIES

	Company 2015 $	Company 2014 $
Unquoted shares, at cost	34,502,703	34,538,768
Impairment losses, accumulated	(5,113,139)	(4,929,204)
Carrying amount of investment in subsidiaries	29,389,564	29,609,564

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) *Composition of the Group*

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015 %	2014 %
	Held by the Company:				
(1)	Audex Pte. Ltd.	Singapore	Engineering, procurement, construction and project management services	100	100
(3)	Huizhou Tianxin Petrochemical Engineering Co., Ltd.	People's Republic of China	Engineering design, procurement, construction and maintenance services	60	60
(6)	IT Re-Engineering Pte. Ltd.	Singapore	Information technology and consultancy services	100	100
(6)	PEC Construction Equipment Leasing Company (Huizhou) Limited	People's Republic of China	Heavy machineries and equipment leasing services	100	100
(6)	PEC International Investments Pte. Ltd.	Singapore	Investment company	100	100
(2)	PEC (Malaysia) Sdn. Bhd.	Malaysia	Civil, mechanical and electrical engineering project services	70	70
(6)	PEC Technology Consultancy Services (Huizhou) Ltd.	People's Republic of China	Engineering technology, economic environmental and health consultancy services	100	100
(1)	Plant Engineering Services Pte. Ltd.	Singapore	Engineering, procurement, construction and management services	60	60
(6)	PT PEC Anugerah Sejahtera	Indonesia	Fabrication and engineering works	75	75
(6)	PEC (Middle East) Pte. Ltd.	Singapore	Investment company	100	100
(1)	Plant General Services Pte. Ltd.	Singapore	Blasting and painting, scaffolding, insulation services	100	100
(6)	Testing Inspection & Solution Pte. Ltd.	Singapore	Heat treatment services	100	100
(1)	EBT Engineering Pte. Ltd.	Singapore	Provision of painting and blasting services in the oil and gas industry	55	55
(1)	Major Insulation & Links (MIL) Marketing Pte. Ltd.	Singapore	Hot and cold thermal insulation, sound proofing, refractory and fire proofing services	51	51

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13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

	Name of subsidiaries	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015 %	2014 %
(1)	ISOTECH Pte. Ltd.	Singapore	Marketing and provision of CAR-BER tools & services	100	100
(6)	PEC Hong Kong Pte. Ltd.	Hong Kong	Engineering, procurement, construction and management services	100	100
(1)	Enerz Engineering Pte. Ltd.	Singapore	Engineering, procurement, construction and commissioning of energy power, utility and infrastructure related facilities and services	84	84
(4), (7)	Majujaya Wira Sdn Bhd	Malaysia	Dormitory services	49	49
(6)	PEC (Myanmar) Ltd	Myanmar	Engineering, procurement, construction and management services	99	99
(6)	PECI (Myanmar) Ltd	Myanmar	Engineering, procurement, construction and management services	80	80
(6)	PECI Vietnam Ltd	Vietnam	Engineering, procurement, construction and management services	100	100
	Held through a subsidiary:				
(6)	Audex (Shanghai) Co., Ltd	People's Republic of China	Project management	100	100
(2)	Audex Fujairah LL FZE.	United Arab Emirates	Engineering, procurement, construction and project management services	100	100
(6)	PT Audex Indonesia	Indonesia	Project management	95	95
(5), (7)	PECI-Thai Company Limited	Thailand	Engineering, procurement, construction and maintenance services	49	49

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by Huizhou Fangzheng Certified Public Accountants
(4) Audited by Gow & Tan, Chartered Accountants Malaysia
(5) Audited by EX-CL Consulting Business Company Limited, Thailand
(6) Not material to the Group and not required to be disclosed under SGX Listing Rule 717
(7) Although the Group owns less than half of the shareholding interests in Majujaya Wira Sdn. Bhd. and PECI-Thai Company Limited, it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Consequently, the Group consolidates its investment in these entities.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Composition of the Group (cont'd)

Impairment testing of investment in subsidiaries

The recoverable amount of the investment in subsidiaries had been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year forecast period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period ranged from 5.3% to 7.4% (2014: 6.0% to 8.8%) and 1.0% (2014: 1.0%), respectively.

Based on the annual assessment performed by management, an additional impairment loss on investment in subsidiaries of $220,000 (2014: $400,000) was recorded during the financial year.

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

	EBT Engineering Pte. Ltd. ("EBT") $	**Huizhou Tianxin Petrochemical Engineering Co., Ltd ("HTX")** $
2015		
Proportion of ownership interest held by NCI	45%	40%
Accumulated NCI at the end of the financial year	3,296,155	6,862,460
Profit after tax allocated to NCI during the financial year	516,410	727,414
2014		
Proportion of ownership interest held by NCI	45%	40%
Accumulated NCI at the end of the financial year	2,779,745	5,593,759
Profit after tax allocated to NCI during the financial year	327,405	532,151

There are no restrictions on the Group's ability to use or access assets and settle liabilities of these subsidiaries with material non-controlling interests.

13. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

	EBT		HTX	
	2015	2014	2015	2014
	$	$	$	$
Summarised balance sheets				
Non-current assets	10,867,853	2,696,787	8,649,897	8,004,198
Current assets	6,026,311	5,463,444	13,211,774	10,600,199
Non-current liabilities	(7,182,110)	(128,783)	–	–
Current liabilities	(2,387,277)	(1,854,238)	(4,705,521)	(4,620,000)
Net assets	7,324,777	6,177,210	17,156,150	13,984,397
Summarised statement of comprehensive income				
Revenue	9,489,568	11,762,317	20,793,280	15,450,922
Profit for the year	1,147,567	727,567	1,818,535	1,330,376
Other comprehensive income	–	–	1,353,217	(151,671)
Total comprehensive income	1,147,567	727,567	3,171,752	1,178,705
Other summarised information				
Dividends paid to NCI	–	(360,000)	–	(315,621)

14. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Unquoted shares, at cost	354,320	354,320	354,320	354,320
Share of post acquisition reserves	4,286,630	3,233,443	–	–
Carrying amount of investment in associate	4,640,950	3,587,763	354,320	354,320

	Name of associate	Country of incorporation	Principal activities	Proportion (%) of ownership interest 2015 %	2014 %
	Held by the Company				
(1)	Plant Electrical Instrumentation Pte. Ltd.	Singapore	Engineering services and installation of electrical and scientific instruments	49	49

(1) Financial year end is 31 March, in line with its holding company; audited by Deloitte & Touche, Singapore

14. INVESTMENT IN AN ASSOCIATE (CONT'D)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2015	**2014**
	$	$
Assets and liabilities:		
Current assets	14,720,564	14,971,255
Non-current assets	766,490	936,999
Total assets	15,487,054	15,908,254
Current liabilities	5,871,813	8,428,017
Non-current liabilities	–	14,357
Total liabilities	5,871,813	8,442,374
Results:		
Revenue for the financial year	38,354,525	31,919,247
Profit for the financial year	2,649,361	2,588,492

15. INVESTMENT SECURITIES

	Group and Company	
	2015	**2014**
	$	$
Available-for-sale financial assets		
- Quoted equity instruments at fair value	35,146	44,124
At 1 July, at fair value	44,124	45,507
Fair value changes included in fair value reserve	(8,978)	(1,383)
At 30 June, at fair value	35,146	44,124

No impairment loss (2014: $Nil) was recognised in this financial year.

16. CONTRACTS-IN-PROGRESS (NET OF PROGRESS BILLINGS)/PROGRESS BILLINGS IN EXCESS OF COSTS

	Group		Company	
		(Restated)		
	2015	2014	2015	2014
	$	$	$	$
Aggregate amount of contract costs incurred and recognised profits (less recognised losses) to date	364,289,727	308,987,619	31,561,940	111,057,183
Less: Progress billings and advances	(373,930,566)	(268,020,096)	(27,208,475)	(79,712,991)
	(9,640,839)	40,967,523	4,353,465	31,344,192
Presented as:				
Contracts-in-progress (net of progress billings)	35,449,753	44,437,673	5,314,190	31,419,192
Progress billings in excess of costs	(45,090,592)	(3,470,150)	(960,725)	(75,000)
	(9,640,839)	40,967,523	4,353,465	31,344,192
Retention sums included in trade receivables	11,618,657	15,315,663	3,042,072	5,998,841
Advances received included in gross amount due to customers for contract work	34,987,620	6,537,579	–	–

The Group recognised an impairment loss of $Nil (2014: $1,574,447) for project costs incurred during the financial year due to significant uncertainty in recovering the cost incurred.

17. ACCRUED INCOME

Accrued income represents revenue from maintenance services and rendering of services relating to current financial year which has been earned but not invoiced as at the balance sheet date.

The Group recognised an impairment loss of $546,110 (2014: $Nil) for project costs incurred during the financial year due to significant uncertainty in recovering the cost incurred.

18. INVENTORIES

	Group	
		(Restated)
	2015	2014
	$	$
Balance sheet:		
Finished goods, at lower of cost and net realisable value	725,617	575,508
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	9,587,626	13,170,834
Inclusive of the following charge:		
- Inventories written down	241	7,861

19. TRADE RECEIVABLES

	Group		Company	
		(Restated)		
	2015	2014	2015	2014
	$	$	$	$
Trade receivables:				
- external parties	116,859,385	71,507,366	53,921,056	38,946,257
- associate	3,999	6,331	367	11,585
- joint ventures	–	–	–	–
- related parties	136,677	633,355	3,349	1,241
- subsidiaries	–	–	12,770,566	6,874,055
	117,000,061	72,147,052	66,695,338	45,833,138
Allowance for impairment:				
- external parties	(19,701,397)	(2,831,948)	(17,767,840)	(719,358)
	97,298,664	69,315,104	48,927,498	45,113,780

Trade receivables are unsecured, non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Amounts due from related parties are to be settled in cash.

Related parties are companies related to the Group through common directors and shareholders, excluding entities within the Group.

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Arab Emirates Dirham	17,575,257	–	–	–
Singapore Dollars	–	204,000	–	–
United States Dollars	2,946,417	1,436,689	–	13,773

19. TRADE RECEIVABLES (CONT'D)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $34,187,785 (2014: $15,653,731) that are past due at the balance sheet date but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
		(Restated)
	2015	2014
	$	$
Trade receivables past due but not impaired:		
Less than 30 days	6,701,497	12,630,124
31 - 60 days	1,430,195	1,432,919
61 - 90 days	18,284,583	794,562
More than 90 days	7,771,510	796,126
	34,187,785	15,653,731

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

Individually impaired

		Group		Company	
			(Restated)		
	Note	2015	2014	2015	2014
		$	$	$	$
Trade receivables – nominal amounts		19,701,397	2,831,948	2,831,948	719,358
Less: Allowance for impairment		(19,701,397)	(2,831,948)	(2,831,948)	(719,358)
		–	–	–	–
Movement in allowance accounts:					
At 1 July		2,831,948	18,825,475	719,358	6,249
Charge for the financial year	7	17,803,769	2,832,412	17,767,840	719,358
Written off		–	(17,556,149)	–	–
Written back	5	(934,320)	(1,716,248)	(719,358)	(6,249)
Currency realignment		–	446,458	–	–
At 30 June		19,701,397	2,831,948	17,767,840	719,358

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

20. OTHER RECEIVABLES AND DEPOSITS

	Note	Group 2015 $	Group (Restated) 2014 $	Company 2015 $	Company 2014 $
Other receivables		7,213,563	1,839,767	352,441	324,764
Refundable deposits		3,731,376	3,665,952	2,044,740	2,166,664
		10,944,939	5,505,719	2,397,181	2,491,428
Other receivables and deposits		10,944,939	5,505,719	2,397,181	2,491,428
Accrued income	17	24,995,232	17,589,586	17,613,630	10,241,641
Trade receivables	19	97,298,664	69,315,104	48,927,498	45,113,780
Current amounts due from subsidiaries	21	–	–	462,243	843,383
Current loans due from subsidiaries	21	–	–	10,610,307	14,296,825
Non-current loan due from a subsidiary	21	–	–	12,540,000	12,140,000
Bank deposit pledged	22	348,741	202,675	–	–
Cash and short-term deposits	22	113,826,074	82,309,134	47,514,875	48,267,559
Total loans and receivables		247,413,650	174,922,218	140,065,734	133,394,616

Other receivables are non-trade in nature, unsecured, non-interest bearing and payable upon demand.

Refundable deposits are short-term in nature, unsecured and non-interest bearing.

Other receivables and deposits denominated in foreign currencies are as follows:

	Group 2015 $	Group 2014 $	Company 2015 $	Company 2014 $
Euro	427,187	–	–	–
Malaysian Ringgit	42,618	42,618	42,618	42,618
United States Dollars	174,937	298,708	174,937	298,708

21. AMOUNTS/LOANS DUE FROM A SUBSIDIARY/SUBSIDIARIES

	Note	Company 2015 $	Company 2014 $
Current:			
Amounts due from subsidiaries	20	462,243	843,383
Loans due from subsidiaries	20	10,610,307	14,296,825
		11,072,550	15,140,208
Non-current:			
Loan due from a subsidiary	20	12,540,000	12,140,000
		12,540,000	12,140,000

21. AMOUNTS/LOANS DUE FROM A SUBSIDIARY/SUBSIDIARIES (CONT'D)

The amounts due from subsidiaries (current) are non-trade, unsecured, repayable on demand, interest free and are to be settled in cash.

The loan due from a subsidiary (non-current) and loans due from subsidiaries (current) are unsecured and bear interest from 1% to 5% (2014: 1% to 5%) per annum. The loan due from a subsidiary (non-current) is not expected to be repaid in the next 12 months.

22. CASH AND SHORT-TERM DEPOSITS/BANK DEPOSITS PLEDGED

Cash and short-term deposits consist of unpledged bank deposits and cash and bank balances. Bank deposits pledged are excluded from cash and short-term deposits because they may not be readily convertible to cash as they are fully pledged to banks for bankers' guarantees provided to customers for the performance of contracts and banking facilities granted to a subsidiary.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

		Group		Company	
			(Restated)		
	Note	2015	2014	2015	2014
		$	$	$	$
Cash at bank and on hand		104,231,239	79,505,639	43,832,718	48,267,559
Fixed deposits		9,943,576	3,006,170	3,682,157	–
Less: Bank deposits pledged		(348,741)	(202,675)	–	–
Cash and short-term deposits		113,826,074	82,309,134	47,514,875	48,267,559
Less: Bank overdrafts	25	(820,322)	(106,303)	–	–
Cash and cash equivalents		113,005,752	82,202,831	47,514,875	48,267,559

Certain cash at bank earns interest at floating based on daily bank deposit rates.

The interest rate of fixed deposits ranges from approximately 0.25% to 3.30% (2014: approximately 0.25% to 3.30%) per annum.

Cash and short-term deposits denominated in foreign currencies as at 30 June are as follows:

	Group		Company	
		(Restated)		
	2015	2014	2015	2014
	$	$	$	$
Arab Emirates Dirham	17,168	17,840	3	1,018
Euro	1,713,496	1,563,264	599,560	–
Malaysian Ringgit	4,761,373	4,319,665	4,761,373	4,319,665
Myanmar Kyat	337,900	–	22	–
Renminbi	4,102,270	3,312,821	4,102,270	3,312,821
Singapore Dollars	188,770	188,938	–	–
United States Dollars	41,133,324	11,339,826	5,642,243	2,505,787

23. ASSETS HELD FOR SALE

		Group	
	Note	2015	2014
		$	$
Property, plant and equipment	9	1,192,971	–
Investment properties	10	888,339	–
		2,081,310	–

Property, plant and equipment

During the financial year, a wholly-owned subsidiary of the Group has entered into an agreement with a third party for the sale of a property, with gross floor area of 4,051 sqm, located at 27 Tuas Avenue 3, Singapore 639419. The property was previously used for the operations of the Group. The decision is consistent with the Group's strategy to streamline and integrate its operations to improve efficiencies.

Investment properties

A wholly-owned subsidiary of the Group has entered into an agreement with third parties to sell two strata-titled factory units, with gross floor area of 179 sqm. The decision on the sale of the two strata-titled factory units was made following management's assessment of future utilization of the assets and cost-benefit analysis.

24. PROVISIONS

	Group		Company	
		(Restated)		
	2015	2014	2015	2014
	$	$	$	$
Current:				
Provision for warranty	198,000	288,697	198,000	288,697
Provision for unutilised leave	2,597,546	2,425,399	1,557,555	1,445,299
	2,795,546	2,714,096	1,755,555	1,733,996
Non-current:				
Provision for reinstatement cost	1,363,226	1,593,226	1,238,226	1,238,226
	4,158,772	4,307,322	2,993,781	2,972,222

24. PROVISIONS (CONT'D)

	Group			
	Provision for warranty $	Provision for unutilised leave $	Provision for reinstatement cost $	Total $
At 1 July 2013	300,000	2,402,460	1,673,226	4,375,686
Provision made during the financial year	–	339,421	–	339,421
Utilised during the financial year	(11,303)	(316,482)	–	(327,785)
Written back during the financial year	–	–	(80,000)	(80,000)
At 30 June 2014 and 1 July 2014	288,697	2,425,399	1,593,226	4,307,322
Provision made during the financial year	198,000	604,772	–	802,772
Utilised during the financial year	(165,055)	(432,625)	–	(597,680)
Written back during the financial year	(123,642)	–	(230,000)	(353,642)
At 30 June 2015	198,000	2,597,546	1,363,226	4,158,772

	Company			
	Provision for warranty $	Provision for unutilised leave $	Provision for reinstatement cost $	Total $
At 1 July 2013	300,000	1,521,745	1,238,226	3,059,971
Provision made during the financial year	–	258,012	–	258,012
Utilised during the financial year	(11,303)	(334,458)	–	(345,761)
At 30 June 2014 and 1 July 2014	288,697	1,445,299	1,238,226	2,972,222
Provision made during the financial year	198,000	458,035	–	656,035
Utilised during the financial year	(165,055)	(345,779)	–	(510,834)
Written back during the financial year	(123,642)	–	–	(123,642)
At 30 June 2015	198,000	1,557,555	1,238,226	2,993,781

The provision for reinstatement cost arose from leasehold land and buildings.

25. LOANS AND BORROWINGS

	Maturity	Note	Group 2015 $	Group (Restated) 2014 $	Company 2015 $	Company 2014 $
Current:						
Bank loan 1	2015-2016		399,045	399,045	–	–
Bank loan 2	2015-2016		471,760	–	–	–
Bank loan 3	On demand		8,256,762	3,590,997	–	–
Trust receipts	On demand		6,679,979	–	–	–
Bank overdrafts	On demand	22	820,322	106,303	–	–
Obligations under finance leases	2015-2016		159,334	194,264	24,160	–
			16,787,202	4,290,609	24,160	–
Non-current:						
Bank loan 1	2016-2029		4,586,006	5,287,343	–	–
Bank loan 2	2016-2035		7,098,747	–	–	–
Obligations under finance leases	2016-2020		342,257	268,855	91,275	–
			12,027,010	5,556,198	91,275	–
Total loans and borrowings		27	28,814,212	9,846,807	115,435	–

Bank Loan 1

This loan is denominated in SGD, bears interest of 1.10% to 1.50% + cost of funds (2014: 1.10% to 1.50% + cost of funds) per annum and is secured by a legal mortgage of an investment property (Note 10).

Bank Loan 2

This loan is denominated in SGD, bears interest of 2.68% to 4.50% per annum and is secured by a legal mortgage over a factory building, a personal guarantee, and a corporate guarantee (Note 9).

Bank Loan 3

This loan is denominated in THB, unsecured and bears interest of 3.80% to 3.95% (2014: 3.95% to 4.30%) per annum.

Trust receipts

Trust receipts are denominated in USD and bear interest of 1.76% per annum. Trust receipts are secured by corporate guarantee issued by the Company.

Bank overdrafts

Bank overdraft are denominated in THB (2014: THB and SGD), unsecured and bears interest at 7.75% (2014: 5.00% to 8.00%) per annum.

25. LOANS AND BORROWINGS (CONT'D)

Obligations under finance leases

Finance leases bear interest of 1.79% to 6.36% (2014: 1.79% to 6.36%) per annum and are secured by rights to the leased assets (Note 9). Future minimum lease payments under the finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2015 $	Present value of minimum lease payments 2015 $	Minimum lease payments (Restated) 2014 $	Present value of minimum lease payments (Restated) 2014 $
Group				
Not later than one year	177,901	159,334	211,779	194,264
Later than one year but not more than five years	366,034	342,257	285,297	268,855
Total minimum lease payments	543,935	501,591	497,076	463,119
Less: Amounts representing finance charges	(42,344)	–	(33,957)	–
Present value of minimum lease payments	501,591	501,591	463,119	463,119
Company				
Not later than one year	28,740	24,160	–	–
Later than one year but not more than five years	98,194	91,275	–	–
Total minimum lease payments	126,934	115,435	–	–
Less: Amounts representing finance charges	(11,499)	–	–	–
Present value of minimum lease payments	115,435	115,435	–	–

26. TRADE PAYABLES

	Note	Group 2015 $	Group (Restated) 2014 $	Company 2015 $	Company 2014 $
Trade payables:					
- external parties		34,025,216	25,049,004	9,709,552	10,241,965
- associate		994,520	1,096,742	994,520	1,079,942
- related parties		46,349	47,210	37,532	38,393
- subsidiaries		–	–	4,046,061	3,458,904
	27	35,066,085	26,192,956	14,787,665	14,819,204
Net GST payables		4,501,427	2,926,050	4,243,516	2,341,177
		39,567,512	29,119,006	19,031,181	17,160,381

Trade payables are unsecured, non-interest bearing and are normally settled on 60-day terms.

Amounts due to related parties are to be settled in cash.

26. TRADE PAYABLES (CONT'D)

Related parties are companies related to the Group through common directors and shareholders, excluding entities within the Group.

Trade payables denominated in foreign currencies are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
Euro	704,913	60,653	677,576	45,287
Malaysian Ringgit	4,793	76,707	–	7,790
Renminbi	–	310,372	–	–
Singapore Dollars	6,259	165,999	–	–
United States Dollars	3,971,125	712,721	11,859	72,994
Sterling Pound	331,011	–	3,822	–

27. OTHER PAYABLES AND ACCRUALS

		Group		Company	
			(Restated)		
	Note	2015	2014	2015	2014
		$	$	$	$
Accrued operating expenses		46,315,495	43,292,366	17,267,333	21,701,801
Accrued staff benefit expenses		14,862,294	13,813,436	7,982,000	9,743,747
Accrued directors' fees		73,750	82,750	43,750	43,750
Other payables		5,998,947	3,078,108	1,183,882	1,944,591
		67,250,486	60,266,660	26,476,965	33,433,889
Other payables and accruals		67,250,486	60,266,660	26,476,965	33,433,889
Loans and borrowings	25	28,814,212	9,846,807	115,435	–
Trade payables	26	35,066,085	26,192,956	14,787,665	14,819,204
Total financial liabilities carried at amortised cost		131,130,783	96,306,423	41,380,065	48,253,093

These amounts are unsecured, non-interest bearing and short-term in nature.

Other payables and accruals denominated in foreign currencies are as follows:

	Group		Company	
	2015	2014	2015	2014
	$	$	$	$
United States Dollars	81,058	–	–	–
Arab Emirates Dirham	–	86,850	–	–

28. DEFERRED TAX LIABILITIES

Deferred tax liabilities as at 30 June relates to the following:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Deferred tax liabilities				
Differences in depreciation and amortisation for tax purposes	2,726,132	4,226,494	1,796,285	2,825,708
Foreign sourced dividends not received in Singapore	87,807	87,807	87,807	87,807
Undistributed earnings of a subsidiary	341,435	310,042	–	–
Deferred tax assets				
Provisions	(1,261,355)	(1,736,248)	(973,200)	(1,479,079)
Unutilised tax losses	(1,812,313)	(379,890)	(1,545,694)	–
	81,706	2,508,205	(634,802)	1,434,436
Presented as:				
Deferred tax assets	(1,181,549)	(394,610)	(634,802)	–
Deferred tax liabilities	1,263,255	2,902,815	–	1,434,436
	81,706	2,508,205	(634,802)	1,434,436

An analysis of the net deferred taxes is as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
At 1 July	2,508,205	2,887,854	1,434,436	2,554,366
Movements in deferred taxes (Note 8)				
- current financial year	(2,659,643)	(444,096)	(2,423,084)	(1,119,930)
- under provision in respect of prior years	233,144	64,447	353,846	–
At 30 June	81,706	2,508,205	(634,802)	1,434,436

Unrecognised tax losses

The Group has tax losses of approximately $1,425,634 (2014: $452,236) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Temporary differences relating to investments in subsidiaries and associate

At the end of the reporting period, $341,435 (2014: $310,042) of deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of one of the Group's subsidiaries.

Tax consequences of proposed dividends

There are no income tax consequences (2014: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 34).

29. SHARE CAPITAL

	Group and Company 2015 and 2014	
	No. of shares	$
Issued and fully paid ordinary shares:		
At 1 July and 30 June	255,157,000	58,481,409

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

30. STATUTORY RESERVE

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the People's Republic of China ("PRC"), the Group's subsidiaries are required to make appropriations to a Statutory Reserve Fund ("SRF"). At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

31. FAIR VALUE RESERVE

Fair value reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets (Note 15) until they are disposed of or impaired.

32. PREMIUM PAID ON ACQUISITION OF NON-CONTROLLING INTERESTS

This represents the difference between consideration paid and the carrying value of additional non-controlling interests acquired.

33. FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve records exchange differences arising from the translation of the financial statements of the foreign subsidiaries, associate and joint ventures whose functional currencies are different from that of the Group's presentation currency.

34. DIVIDENDS

	Group and Company	
	2015	**2014**
	$	$
Declared and paid during the financial year:		
Dividends on ordinary shares:		
Final exempt dividend for 2014: 2.0 (2013: 2.5) cents per share	5,103,140	6,378,925
	5,103,140	6,378,925
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
Final exempt dividend for 2015: 1.0 (2014: 2.0) cents per share	2,542,570	5,103,140

35. EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the (loss)/profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year. The Company did not have any dilutive potential ordinary shares (2014: $Nil) during the financial year.

The following table reflects the statement of comprehensive income and share data used in the computation of basic and diluted earnings per share for the financial years ended 30 June:

	Group	
	2015	**2014**
	$	$
(Loss)/profit for the financial year attributable to owners of the Company	(6,885,150)	9,058,517
Weighted average number of ordinary shares for basic and diluted earnings per share computation	255,157,000	255,157,000
Earnings per share (cents per share)		
- Basic and diluted	(2.7)	3.6

Since the end of the financial year, there has been no transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

36. RELATED PARTY DISCLOSURES

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

(a) Sale and purchase of goods and services

	Group	
	2015	**2014**
	$	$
(i) *Related parties:*		
Revenue from sale of information systems	1,858	10,750
Revenue from engineering works	4,250	915
Revenue from system installation	15,877	1,410
Office rental expenses	(220,200)	(220,200)
Recharge of utility expenses	(37,986)	(44,151)
(ii) *Associate:*		
Revenue from manpower supply and engineering works	15,206	684,324
Purchase of materials	–	(9,049)
Subcontractors charges and manpower charges	(4,841,605)	(12,559,018)

Related parties

These are companies related to the Group through common directors and shareholders, excluding entities within the Group.

(b) Compensation of key management personnel

	Group	
	2015	**2014**
	$	$
Directors' fees	(193,000)	(177,866)
Salaries and bonuses	(1,856,778)	(2,140,100)
Short-term employee benefits	(591)	(16,183)
Central Provident Fund contributions	(81,505)	(84,815)
Accrued incentive bonus	–	(2,260,471)
Total compensation paid to key management personnel	(2,131,874)	(4,679,435)
Comprise amounts paid to		
- Directors of the Company	(1,092,911)	(3,171,601)
- Other key management personnel	(1,038,963)	(1,507,834)
	(2,131,874)	(4,679,435)

37. COMMITMENTS AND CONTINGENCIES

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Purchase of property, plant and equipment	790,000	245,339	–	–

(b) *Operating lease commitments – as lessee*

The Group and the Company have entered into commercial leases on leasehold land and properties, and office equipment as lessee. Operating lease payments for leasehold land and properties, and office equipment, excluding amortisation of land use rights recognised as an expense in the consolidated profit or loss during the financial year amounted to $3,058,162 (2014: $3,315,531) and $105,089 (2014: $83,636) respectively. These leases have an average tenure of between one and thirty years with renewal option included in the contracts.

Future minimum lease payments under non-cancellable operating leases as at 30 June are as follows:

	Group	
	2015	**2014**
	$	$
Within one year	5,029,172	6,442,860
After one year but not more than five years	6,937,489	4,533,776
More than five years	5,887,228	10,736,693
	17,853,889	21,713,329

(c) *Operating lease commitments – as lessor*

The Group has entered into commercial leases on office space as lessor. These non-cancellable leases have remaining lease term of one year.

Future minimum rental receivable under non-cancellable operating leases as at 30 June are as follows:

	Group	
	2015	**2014**
	$	$
Within one year	345,108	15,600

37. COMMITMENTS AND CONTINGENCIES (CONT'D)

(d) Contingent liabilities

The Group has other commitments arising from its financial guarantees at the end of the reporting period as follows:

(i) In 2010, a subsidiary of the Group lodged a legal claim for default in payment in respect of the balance for work done against a customer. On 1 November 2013, an oral court judgement was passed in favour of the customer. Substantial amount of the Group's claim made against this particular customer, who had already been provided for in full in the financial statements, was dismissed. The customer was granted judgement with damages to be assessed in respect of the Group's breach of contract.

No provision for any liability has been made in these financial statements due to uncertainty of the amounts.

38. FAIR VALUE OF ASSETS AND LIABILITIES

A. Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

There have been no transfers between Level 1, 2 and 3 during the financial years ended 2015 and 2014.

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

B. Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets carried at fair value by level of fair value hierarchy:

	Note	Quoted prices in active markets (Level 1) $	Total $
Group			
2015			
Financial assets:			
Available-for-sale financial assets			
- Investment securities (quoted)	15	35,146	35,146
At 30 June 2015		35,146	35,146
2014			
Financial assets:			
Available-for-sale financial assets			
- Investment securities (quoted)	15	44,124	44,124
At 30 June 2014		44,124	44,124

Determination of fair value

Investment securities (Note 15): Fair value is determined directly by reference to their published market bid price at the end of the reporting period.

C. Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's asset not measured at fair value at the end of the reporting period but for which fair value is disclosed:

	Note	Fair value measurements at the end of the reporting period using: Significant observable inputs other than quoted prices (Level 2) $	Carrying amount $
2015			
Asset			
Investment properties	10	9,256,373	7,956,086
2014			
Asset			
Investment properties	10	8,705,000	7,293,420

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

C. Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

Determination of fair value

Investment properties (Note 10): Commercial investment property is valued by independent valuers based on comparable market transactions that consider recent sale of similar properties that have been transacted in the open market.

D. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group				Company			
	2015 $		2014 $		2015 $		2014 $	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:								
Non-current loan due from a subsidiary (Note 21)	–	–	–	–	12,540,000	**	12,140,000	**

** Non-current loan due from a subsidiary carried at cost

Fair value information has not been disclosed for the Company's non-current loan due from a subsidiary that is carried at cost because the fair value cannot be measured reliably. There is no contractual repayment term for this loan and the Company does not intend to recall the loan in the next 12 months.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Finance Director. The audit committee provides independent oversight of the effectiveness of the risk arrangement process. It is, and has been throughout the current and previous financial year the Group's policy that no trading in derivatives for speculative purposes shall be undertaken, except for the use of hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including available for sale investments, bank deposits pledged, and cash and short-term deposits), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's practice that all new customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis such that the Group's exposure to bad debts is not significant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group monitors its risk concentration to avoid excessive concentrations of risk exposure.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet. Credit risk arising from the inability of a customer to meet the terms of the Group's credit policy or customers' financial standing may be reduced by consistent monitoring and follow up of late accounts.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2015		**(Restated) 2014**	
	$	% of total	$	% of total
By country:				
Singapore	51,244,772	53%	57,120,107	82%
United Arab Emirates	27,516,608	28%	4,260,685	6%
Malaysia	11,034,683	11%	3,979,077	6%
Other countries	7,502,601	8%	3,955,235	6%
	97,298,664	100%	69,315,104	100%

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk (cont'd)*

At the end of the reporting period, approximately:

- 10% (2014: 12%) of the Group's trade receivables was due from 1 customer located in Singapore.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits, bank deposits pledged and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and Company manages its liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments. At the end of the reporting period, approximately 58.3% (2014: 43.6%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. The Group has assessed that its access to sources of funding is sufficiently available.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

	1 year or less $	Over 1 year $	Total $
Group			
2015			
Financial assets			
Trade receivables	97,298,664	–	97,298,664
Other receivables and deposits	10,944,939	–	10,944,939
Accrued income	24,995,232	–	24,995,232
Bank deposit pledged	348,741	–	348,741
Cash and short-term deposits	113,826,074	–	113,826,074
Total undiscounted financial assets	247,413,650	–	247,413,650
Financial liabilities			
Trade payables	35,066,085	–	35,066,085
Other payables and accruals	67,250,486	–	67,250,486
Loans and borrowings	17,554,803	15,962,091	33,516,894
Total undiscounted financial liabilities	119,871,374	15,962,091	135,833,465
Total net undiscounted financial assets/(liabilities)	127,542,276	(15,962,091)	111,580,185
(Restated)			
2014			
Financial assets			
Trade receivables	69,315,104	–	69,315,104
Other receivables and deposits	5,505,719	–	5,505,719
Accrued income	17,589,586	–	17,589,586
Bank deposit pledged	202,675	–	202,675
Cash and short-term deposits	82,309,134	–	82,309,134
Total undiscounted financial assets	174,922,218	–	174,922,218
Financial liabilities			
Trade payables	26,192,956	–	26,192,956
Other payables and accruals	60,266,660	–	60,266,660
Loans and borrowings	4,545,008	6,308,204	10,853,212
Total undiscounted financial liabilities	91,004,624	6,308,204	97,312,828
Total net undiscounted financial assets/(liabilities)	83,917,594	(6,308,204)	77,609,390

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	1 year or less $	Over 1 year $	Total $
Company			
2015			
Financial assets			
Trade receivables	48,927,498	–	48,927,498
Other receivables and deposits	2,397,181	–	2,397,181
Accrued income	17,613,630	–	17,613,630
Amounts due from subsidiaries	462,243	–	462,243
Loans due from subsidiaries	10,896,858	13,656,695	24,553,553
Cash and short-term deposits	47,514,875	–	47,514,875
Total undiscounted financial assets	127,812,285	13,656,695	141,468,980
Financial liabilities			
Trade payables	14,787,665	–	14,787,665
Other payables and accruals	26,476,965	–	26,476,965
Loans and borrowings	28,740	98,194	126,934
Total undiscounted financial liabilities	41,293,370	98,194	41,391,564
Total net undiscounted financial assets	86,518,915	13,558,501	100,077,416
2014			
Financial assets			
Trade receivables	45,113,780	–	45,113,780
Other receivables and deposits	2,491,428	–	2,491,428
Accrued income	10,241,641	–	10,241,641
Amounts due from subsidiaries	843,383	–	843,383
Loans due from subsidiaries	14,745,749	13,182,861	27,928,610
Cash and short-term deposits	48,267,559	–	48,267,559
Total undiscounted financial assets	121,703,540	13,182,861	134,886,401
Financial liabilities			
Trade payables	14,819,204	–	14,819,204
Other payables and accruals	33,433,889	–	33,433,889
Total undiscounted financial liabilities	48,253,093	–	48,253,093
Total net undiscounted financial assets	73,450,447	13,182,861	86,633,308

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

	2015			(Restated) 2014		
	$			$		
	1 year or less	Over 1 year	Total	1 year or less	Over 1 year	Total
Company						
Financial guarantees	12,765,095	59,760,036	72,525,131	809,469	55,036,072	55,845,541

(c) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD, Malaysian Ringgit (MYR), Renminbi (RMB), United Arab Emirates Dirhams (AED). The foreign currencies in which these transactions are dominated are mainly USD, MYR and AED. Approximately 13% (2014: 3%) of the Group's revenue are denominated in foreign currencies.

The Group and the Company also hold cash and short-term deposits, denominated in foreign currencies, mainly USD, RMB and MYR, for working capital purposes.

The Group uses foreign currency contracts and currency option contracts to reduce its currency exposure to foreign currency denominated sales and purchases, when necessary.

The Group is also exposed to currency translation risk arising mainly from its net investments in foreign operations, including Malaysia, United Arab Emirates and the People's Republic of China ("PRC"). The Group's net investments are not hedged as currency positions in MYR, AED and RMB are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, MYR, RMB and AED exchange rates against the respective functional currencies of the Group entities, with all other variables held constant, on the Group's profit before tax as at balance sheet date.

			Group 2015	Group 2014
			$'000	$'000
USD/SGD	- strengthened 3%	(2014: 3%)	+1,022	+271
	- weakened 3%	(2014: 3%)	-1,022	-271
USD/AED	- strengthened 3%	(2014: 3%)	-22	+92
	- weakened 3%	(2014: 3%)	+22	-92
MYR/SGD	- strengthened 3%	(2014: 3%)	+144	+129
	- weakened 3%	(2014: 3%)	-144	-129
RMB/SGD	- strengthened 3%	(2014: 3%)	+123	+91
	- weakened 3%	(2014: 3%)	-123	-91
AED/SGD	- strengthened 3%	(2014: 3%)	+528	-2
	- weakened 3%	(2014: 3%)	-528	+2

40. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

(1) to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;

(2) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group aims to obtain an optimal capital structure by balancing capital efficiency and financial flexibility. The Group manages its capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares or raise funds through the debt market.

As disclosed in Note 30, subsidiaries of the Group that are incorporated in the PRC are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the PRC incorporated subsidiaries for the relevant financial years.

Management monitors capital employed based on the gearing ratio. The gearing ratio is defined as the sum of total external borrowings divided by the sum of total capital employed. Total borrowings comprise hire purchase and finance loans. Total capital employed is calculated as equity attributable to owners of the Company, including the above-mentioned restricted statutory reserve fund and borrowings. The Group has complied with all externally imposed capital requirement.

	Group	
		(Restated)
	2015	**2014**
	$	$
Total borrowings (Note 25)	28,814,212	9,846,807
Total equity attributable to the owners of the Company	205,027,446	214,877,598
Total capital employed	233,841,658	224,724,405
Gearing ratio	12.32%	4.38%

41. SEGMENT INFORMATION

For management purposes, the Group is organised into business units as the Group's risks and rates of return are affected predominantly by differences in the services and projects carried out. The operating businesses are organised and managed separately according to the nature of the projects and services carried out, with each segment representing a strategic business unit that offers different services and serves different markets. The Group has three reportable segments as follows:

i. The project works segment relates to provision of engineering, procurement and construction services for certain aspects of plant projects, such as tankage and/or piping work, procurement to the oil and gas, petro-chemical, pharmaceutical and oil and chemical terminal industries.

ii. The plant maintenance and related services segment relates to a full discipline of maintenance services provided to the oil and gas, petrochemical, pharmaceutical and oil and chemical terminal industries, usually for a fixed three to five year term, under which various maintenance services and their relevant rates would be itemised.

iii. The other operations segment relates to services provided through the Company's subsidiaries whereby heat treatment, information technology services/products and construction equipment leasing services are provided. It also relates to construction equipment leasing services provided by the Group.

Except as indicated above, no operating segments have been aggregated to form the above reportable business segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing
Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments

	Project works $	Plant maintenance and related services $	Other operations $	Eliminations $	Total $
2015					
Revenue	335,622,489	163,205,871	783,474	–	499,611,834
Inter-segment sales	27,278,417	1,784,210	2,335,663	(31,398,290)	–
Total revenue	362,900,906	164,990,081	3,119,137	(31,398,290)	499,611,834
Results:					
Segment results	56,506,523	36,325,969	173,088	–	93,005,580
Unallocated expenses					(67,919,595)
Interest income					372,545
Depreciation and amortisation	(4,106,915)	(1,889,236)	(529,148)	–	(6,525,299)
Unallocated depreciation and amortisation					(8,484,447)
Impairment loss on property, plant and equipment	(318,633)	–	–	–	(318,633)
Impairment of accrued income	–	(546,110)	–	–	(546,110)
Write back/(Impairment) of trade receivables, net	741,050	(17,767,840)	157,341	–	(16,869,449)
Finance costs					(1,248,896)
Share of results of associate	–	–	1,298,187	–	1,298,187
Loss before tax					(7,236,117)
Income tax credit					1,896,484
Loss for the financial year					(5,339,633)

41. SEGMENT INFORMATION (CONT'D)

(a) Business segments (cont'd)

	Project works $	Plant maintenance and related services $	Other operations $	Eliminations $	Total $
(Restated)					
2014					
Revenue	307,933,955	140,224,887	814,465	–	448,973,307
Inter-segment sales	29,663,888	575,794	3,308,866	(33,548,548)	–
Total revenue	337,597,843	140,800,681	4,123,331	(33,548,548)	448,973,307
Results:					
Segment results	68,750,146	29,198,327	101,507	–	98,049,980
Unallocated expenses					(68,123,787)
Interest income					484,365
Depreciation and amortisation	(4,169,331)	(1,699,026)	(475,884)	–	(6,344,241)
Unallocated depreciation and amortisation					(8,711,031)
Impairment of contract in progress	(1,574,447)	–	–	–	(1,574,447)
Write back/(Impairment) of trade receivables, net	136,070	–	(1,252,234)	–	(1,116,164)
Finance costs					(550,403)
Share of results of associate	–	–	1,268,361	–	1,268,361
Share of results of joint ventures	–	–	(76,317)	–	(76,317)
Profit before tax					13,306,316
Income tax expense					(3,243,537)
Profit for the financial year					10,062,779

41. SEGMENT INFORMATION (CONT'D)

(b) Geographical segments

The Group's geographical segments are based on the operational sites' geographical location.

	Singapore $	Malaysia $	UAE $	Others $	Eliminations $	Total $
2015						
Revenue	301,914,902	65,125,340	89,896,517	42,675,075	–	499,611,834
Inter-segment sales	30,797,449	27,936	–	572,905	(31,398,290)	–
Segment revenue	332,712,351	65,153,276	89,896,517	43,247,980	(31,398,290)	499,611,834
(Restated)						
2014						
Revenue	350,020,975	43,061,823	25,775,962	30,114,547	–	448,973,307
Inter-segment sales	32,822,433	175,924	–	550,191	(33,548,548)	–
Segment revenue	382,843,408	43,237,747	25,775,962	30,664,738	(33,548,548)	448,973,307
2015						
Non-current assets	131,483,772	3,393,765	9,898,891	13,105,852	(41,929,564)	115,952,716
(Restated)						
2014						
Non-current assets	131,750,794	4,141,700	8,625,599	12,344,276	(41,749,564)	115,112,805

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets, land use rights, investment in subsidiaries, investment in associate, prepayment and loans due from a subsidiary as presented in the consolidated balance sheet.

Information about major customers

Revenue from two major customers amount to approximately $118,400,000 (2014: $125,300,000), arising from both project works and plant maintenance and related services business segment.

42. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 12 October 2015.

STATISTICS OF SHAREHOLDINGS

As at 06 October 2015

ISSUED SHARES AND VOTING RIGHTS

Number of Issued shares (including Treasury Shares)	–	255,157,000
Number of Issued shares (excluding Treasury Shares)	–	254,257,000
Number / Percentage of Treasury Shares	–	900,000 (0.35%)
Voting rights (excluding Treasury Shares)	–	One vote for each ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	0.21	64	0.00
100 - 1,000	107	4.49	98,753	0.04
1,001 - 10,000	1,247	52.31	8,463,232	3.33
10,001 - 1,000,000	1,001	41.99	53,441,296	21.02
1,000,001 AND ABOVE	24	1.00	192,253,655	75.61
TOTAL	2,384	100.00	254,257,000	100.00

SUBSTANTIAL SHAREHOLDERS

NAME OF SUBSTANTIAL SHAREHOLDERS	NO. OF SHARES DIRECT INTEREST	DEEMED INTEREST	TOTAL NO. OF SHARES	%
Tian San Company (Pte) Limited	85,750,000	–	85,750,000	33.73
Edna Ko Poh Thim [(1)]	34,950,000	85,750,000	120,700,000	47.47
Mark Ko Teong Hoon	23,624,475	–	23,624,475	9.29

1 Edna Ko Poh Thim is deemed to be interested in 85,750,000 shares held by Tian San Company (Pte) Limited by virtue of Section 7 of the Companies Act, Cap. 50.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TIAN SAN COMPANY (PTE.) LIMITED	85,750,000	33.73
2	KO POH THIM EDNA	34,950,000	13.75
3	MARK KO TEONG HOON (GAO ZHONGXUN)	23,624,475	9.29
4	WONG PENG	4,975,000	1.96
5	KO PECK HOON OR SEAH LEE HUANG	3,875,500	1.52
6	NG KHAN TEE	3,501,575	1.38
7	KO TEOH MEI SHU SUSIE	3,500,000	1.38
8	CHANG WAN KOK OR LIM KWEE LAN	2,873,900	1.13
9	MELISSA PEONY KO LU TENG	2,668,950	1.05
10	DBS NOMINEES (PRIVATE) LIMITED	2,561,275	1.01
11	PATRICIA KO POH CHENG	2,532,100	1.00
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,464,156	0.97
13	CITIBANK NOMINEES SINGAPORE PTE LTD	2,322,200	0.91
14	OCBC SECURITIES PRIVATE LIMITED	2,108,700	0.83
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,020,824	0.79
16	KO LU SEIN	1,800,000	0.71
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,793,000	0.71
18	LEE MAY PENG MAISIE	1,750,000	0.69
19	KO POH KHENG KRISTINE	1,307,000	0.51
20	ISKOUNEN MEHDI ADAM	1,300,000	0.51
	TOTAL	187,678,655	73.83

PERCENTAGE OF SHAREHOLDING HELD IN PUBLIC HANDS

Based on the information available to the Company as at 6 October 2015, approximately 32.32% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the SGX-ST Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Anson III, Level 2, M Hotel, 81 Anson Road, Singapore 079908 on Friday, 13 November 2015 at 4.00 p.m. for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 30 June 2015 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt One-Tier Final Dividend of 1.0 cents per ordinary share for the financial year ended 30 June 2015. **(Resolution 2)**

3. To re-elect Mr Robert Dompeling, being a Director who retires by rotation pursuant to Article 114 of the Articles of Association of the Company. **(Resolution 3)**

4. To re-elect Dr Foo Fatt Kah, being a Director who retires by rotation pursuant to Article 114 of the Articles of Association of the Company. [See Explanatory Note (i)] **(Resolution 4)**

5. To approve the payment of Directors' fees of S$175,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears. **(Resolution 5)**

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other routine business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. **SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act, Chapter 50 (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and notwithstanding the provisions of the Articles of Association of the Company, authority be and is hereby given to the Directors of the Company ("**Directors**") to:

(a) (i) allot and issue shares in the capital of the Company (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options that may or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares (collectively, "Instruments"),

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(i) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be granted other than on a pro-rata basis to shareholders of the Company with registered addresses in Singapore (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued shares excluding treasury shares of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued shares excluding treasury shares of the Company shall be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(iv) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. [See Explanatory Note (ii)]

(Resolution 7)

9. **PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

THAT:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "**Market Purchase**") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held;

(ii) the date on which the next annual general meeting of the Company is required by law to be held; or

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means ten per cent. (10%) of the total number of issued Shares (excluding any Shares which are held as treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares that may be held by the Company from time to time);

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the date the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, commission, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, 105% of the Average Closing Price (as hereinafter defined); and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price (as hereinafter defined),

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-Market Day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

(d) the Directors or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company pursuant to the Share Purchase Mandate in any manner as they think fit, which is permissible under the Companies Act; and

(e) the Directors or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution. [See Explanatory Note (iii)] **(Resolution 8)**

10. **AUTHORITY TO GRANT AWARDS AND ALLOT AND ISSUE SHARES UNDER THE PEC PERFORMANCE SHARE PLAN**

That the Directors of the Company be and are hereby authorised to:

(a) grant awards ("**Awards**") in accordance with the provisions of the PEC Performance Share Plan (the "**Plan**"); and

(b) pursuant to Section 161 of the Companies Act, allot and issue from time to time such number of fully paid-up shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of Awards granted under the Plan,

provided always that the aggregate number of shares to be delivered pursuant to the vesting of Awards granted or to be granted under the Plan, when added to the number of shares issued and/or issuable under such other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued shares of the Company (excluding treasury shares) on the day preceding the relevant award date. [See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Abdul Jabbar Bin Karam Din
Joint Company Secretary

Singapore, 26 October 2015

NOTES:

1. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 21 Shipyard Road, Singapore 628144, not less than 48 hours before the time appointed for holding the Annual General Meeting.

EXPLANATORY NOTES:

(i) Dr Foo Fatt Kah, upon election as a Director of the Company, will remain as the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit Committee. Dr Foo is the Lead Independent Director.

(ii) **Resolution 7** proposed in item 8. above, if passed, is to empower the Directors to allot and issue shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued shares excluding treasury shares of the Company, with a sub-limit of twenty per cent. (20%) for shares issued other than on a pro rata basis (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of shares that may be issued, the percentage of the total number of issued shares excluding treasury shares of the Company will be calculated based on the total number of issued shares excluding treasury shares of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of any convertible securities; (ii) new shares arising from exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of Resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

(iii) **Resolution 8** proposed in item 9. above, if passed, will empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares on the terms of the Share Purchase Mandate as set out in the letter to shareholders of the Company dated 26 October 2015 (the "**Letter**").

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance its purchase or acquisitions of Shares pursuant to the Share Purchase Mandate. It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Purchase Mandate on the net tangible asset value and earnings per Share as the resultant effect would depend on, inter alia, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, and whether the Shares purchased or acquired are cancelled or held as treasury shares.

An illustration of the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate based on the audited financial statements of the Group for the financial year ended 30 June 2015 is set out in paragraph 2.7 of the Letter.

(iv) **Resolution 9** proposed in item 10. above, if passed, is to authorise the Directors to (a) offer and grant Awards in accordance with the provisions of the Plan and (b) pursuant to Section 161 of the Companies Act, to allot and issue shares in the capital of the Company pursuant to the vesting of Awards granted under the Plan, provided that the aggregate number of shares to be delivered pursuant to the vesting of Awards granted or to be granted under the Plan, when added to the number of shares issued and/or issuable in respect of such other share-based incentive schemes of the Company shall not exceed fifteen per cent. (15%) of the total number of issued shares of the Company (excluding treasury shares) on the day preceding the relevant award date. As at the Latest Practicable Date, (a) apart from the Plan, there are no other share-based incentive schemes of the Company in force; and (b) no Awards have been granted under the Plan.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

(Please see notes overleaf before completing this Form)

PEC LTD.
(Incorporated in Singapore)
(Registration No. 198200079M)

IMPORTANT:
1. For Investors who have used their CPF monies to buy PEC Ltd.'s shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ____
of ____
being a member/members of PEC LTD. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or failing him/her (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting ("**AGM**") of the Company to be held at Anson III, Level 2, M Hotel, 81 Anson Road, Singapore 079908 on Friday, 13 November 2015 at 4.00 p.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of AGM in accordance with my/our directions as indicated with an "x" in the appropriate space below. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as on any other matter he/they will arising at the AGM or at any adjournment thereof.

NOTE: The Chairman of the AGM will be exercising his right under Article 85 of the Articles of Association of the Company to demand a poll in respect of the Ordinary Resolutions to be put to the vote at the AGM and at any adjournment thereof. Accordingly, the Ordinary Resolutions at the AGM will be voted on by way of a poll.

No.	Resolutions relating to:	For	Against
	ROUTINE BUSINESS		
1	Adoption of Audited Financial Statements, Directors' Report and Auditors' Report, for the financial year ended 30 June 2015 **(Resolution 1)**		
2	Approval of Tax Exempt One-Tier Final Dividend **(Resolution 2)**		
3	Re-election of Mr Robert Dompeling as a Director **(Resolution 3)**		
4	Re-election of Dr Foo Fatt Kah as a Director **(Resolution 4)**		
5	Approval of Directors' fees amounting to S$175,000 for the financial year ending 30 June 2016, to be paid quarterly in arrears **(Resolution 5)**		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors **(Resolution 6)**		
7	Any other business		
	SPECIAL BUSINESS		
8	Authority for Directors to allot and issue new shares pursuant to Section 161 of the Companies Act, Chapter 50 **(Resolution 7)**		
9	Renewal of Share Purchase Mandate **(Resolution 8)**		
10.	Authority for Directors to grant awards and allot and issue shares under the PEC Performance Share Plan **(Resolution 9)**		

* Please indicate your vote "For" or "Against" with a tick (✓) within the box provided.

Dated this ___________ day of ___________ 2015

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 21 Shipyard Road, Singapore 628144 not less than 48 hours before the time set for the meeting.
4. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Chapter 50.

First fold

AFFIX
POSTAGE
STAMP

PEC LTD.
21 Shipyard Road
Singapore 628144

Second fold

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 October 2015.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Edna Ko Poh Thim (Executive Chairman)
Robert Dompeling (Group Chief Executive Officer)
Wong Peng (Managing Director)
Dr Foo Fatt Kah (Lead Independent Director)
Chia Kim Huat (Independent Director)
David Wong Cheong Fook (Independent Director)

AUDIT COMMITTEE
David Wong Cheong Fook – Chairman
Chia Kim Huat
Dr Foo Fatt Kah

REMUNERATION COMMITTEE
Dr Foo Fatt Kah – Chairman
Chia Kim Huat
David Wong Cheong Fook

NOMINATING COMMITTEE
Chia Kim Huat – Chairman
Dr Foo Fatt Kah
David Wong Cheong Fook

JOINT COMPANY SECRETARIES
Abdul Jabbar Bin Karam Din, LLB (Hons)
Loh Lee Eng, ACIS

SHARE REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

INDEPENDENT AUDITORS
Ernst & Young LLP
Public Accountants and
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge : Mr Tan Swee Ho
(since financial year ended 30 June 2012)

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking
Corporation Limited
21 Collyer Quay
#08-01 HSBC Building
Singapore 049320

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#06-00 OCBC Centre East
Singapore 049514

REGISTERED OFFICE
21 Shipyard Road
Singapore 628144
Tel : +65 6268 9788
Fax : +65 6268 9488
Website : www.peceng.com

COMPANY REGISTRATION NUMBER
198200079M

PEC LTD.

(Co. Registration No.:198200079M)

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Singapore 628144
T +65 6268 9788
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Investor enquiries:
ir@peceng.com

Website:
www.peceng.com