



# PEC LTD.

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

## SECOND QUARTER AND FIRST HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2017

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 31 December 2017.

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

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

Results for second quarter ("Q2") and first half year ("1H") ended 31 December 2017:

	Group			Group		
	Q2 2018	Q2 2017	Change	1H 2018	1H 2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	70,539	118,613	(41%)	151,828	201,400	(25%)
Cost of sales	(50,699)	(97,891)	(48%)	(112,429)	(163,780)	(31%)
<b>Gross profit</b>	<b>19,840</b>	<b>20,722</b>	<b>(4%)</b>	<b>39,399</b>	<b>37,620</b>	<b>5%</b>
Gross profit margin	28%	17%		26%	19%	
Other operating income	638	1,058	(40%)	1,357	1,773	(23%)
Administrative expenses	(6,715)	(8,409)	(20%)	(13,249)	(15,059)	(12%)
Other operating expenses	(11,458)	(7,596)	51%	(23,097)	(17,873)	29%
Finance expenses	(76)	(199)	(62%)	(167)	(348)	(52%)
Share of results of associate	101	92	10%	227	227	0%
<b>Profit before taxation</b>	<b>2,330</b>	<b>5,668</b>	<b>(59%)</b>	<b>4,470</b>	<b>6,340</b>	<b>(29%)</b>
Income tax expense	(568)	(604)	(6%)	(894)	(742)	20%
<b>Profit after taxation</b>	<b>1,762</b>	<b>5,064</b>	<b>(65%)</b>	<b>3,576</b>	<b>5,598</b>	<b>(36%)</b>
<b>Attributable to:</b>						
Equity holders of the Company	1,700	4,238	(60%)	3,061	5,568	(45%)
Non-controlling interests	62	826	(92%)	515	30	1617%
	<b>1,762</b>	<b>5,064</b>	<b>(65%)</b>	<b>3,576</b>	<b>5,598</b>	<b>(36%)</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Net change in fair value reserve	1	-	NM	1	(6)	NM
Foreign currency translation	(165)	1,366	NM	(695)	501	NM
<b>Total other comprehensive income for the year, net of tax</b>	<b>(164)</b>	<b>1,366</b>	<b>NM</b>	<b>(694)</b>	<b>495</b>	<b>NM</b>
<b>Total comprehensive income for the year</b>	<b>1,598</b>	<b>6,430</b>	<b>(75%)</b>	<b>2,882</b>	<b>6,093</b>	<b>(53%)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	1,528	5,503	(72%)	2,379	5,942	(60%)
Non-controlling interests	70	927	(92%)	503	151	233%
	<b>1,598</b>	<b>6,430</b>	<b>(75%)</b>	<b>2,882</b>	<b>6,093</b>	<b>(53%)</b>

Denotes: NM – not meaningful



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

	Group		Group	
	Q2 2018	Q2 2017	1H 2018	1H 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of land use rights	(6)	(6)	(12)	(12)
Amortisation of intangible assets	(34)	(36)	(67)	(73)
Depreciation of property, plant and equipment	(3,178)	(4,485)	(6,290)	(7,726)
Depreciation of investment property	(44)	(46)	(88)	(92)
Share-based compensation expenses	(83)	(221)	(165)	(437)
Write-back of trade receivables, net	65	151	30	162
Interest expense	(61)	(70)	(115)	(186)
Exchange (loss)/gain, net	(620)	4,256	(1,135)	6,102
Loss on disposal of property, plant and equipment, net	(40)	(58)	(64)	(30)
Gain/(loss) on disposal of subsidiary	60	(10)	60	(10)
Gain on disposal of investment property	—	—	73	—
Interest income	253	337	490	642
Sundry income	238	141	485	288



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

	Group		Company	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	79,991	83,723	41,200	43,123
Investment property	6,949	7,372	–	–
Investment securities	7	6	7	6
Investment in subsidiaries	–	–	41,494	41,494
Investment in an associate	4,947	4,965	354	354
Intangible assets	1,724	1,792	48	59
Land use rights	654	661	–	–
Deferred tax assets	1,108	1,102	577	577
	<u>95,380</u>	<u>99,621</u>	<u>83,680</u>	<u>85,613</u>
<b>Current assets</b>				
Contracts-in-progress (net of progress billings)	6,532	6,167	5,032	4,652
Accrued income	26,167	38,949	17,055	31,859
Inventories	527	277	–	–
Trade receivables	106,758	113,851	56,895	51,251
Other receivables and deposits	6,231	5,459	2,243	2,337
Prepayments	5,758	4,605	2,692	1,564
Amounts due from subsidiaries	–	–	7,692	6,966
Dividend receivable	–	–	5,025	4,988
Cash and short-term deposits	111,641	107,022	50,746	51,115
	<u>263,614</u>	<u>276,330</u>	<u>147,380</u>	<u>154,732</u>
<b>Total Assets</b>	<b><u>358,994</u></b>	<b><u>375,951</u></b>	<b><u>231,060</u></b>	<b><u>240,345</u></b>
<b>EQUITIES AND LIABILITIES</b>				
<b>Current liabilities</b>				
Progress billings in excess of costs	30,616	38,851	2,820	512
Trade payables	26,045	27,011	20,298	20,547
Other payables and accruals	58,343	61,981	31,029	33,710
Provisions	2,572	2,654	1,891	1,835
Loans and borrowings	730	788	30	56
Income tax payable	349	303	–	–
	<u>118,655</u>	<u>131,588</u>	<u>56,068</u>	<u>56,660</u>
<b>Net current assets</b>	<b><u>144,959</u></b>	<b><u>144,742</u></b>	<b><u>91,312</u></b>	<b><u>98,072</u></b>
<b>Non-current liabilities</b>				
Provisions	1,364	1,364	1,238	1,238
Loans and borrowings	8,071	8,713	13	68
Deferred tax liabilities	435	427	–	–
	<u>9,870</u>	<u>10,504</u>	<u>1,251</u>	<u>1,306</u>
<b>Total Liabilities</b>	<b><u>128,525</u></b>	<b><u>142,092</u></b>	<b><u>57,319</u></b>	<b><u>57,966</u></b>
<b>Net assets</b>	<b><u>230,469</u></b>	<b><u>233,859</u></b>	<b><u>173,741</u></b>	<b><u>182,379</u></b>
<b>Equity attributable to owners of the Company</b>				
Share capital	58,481	58,481	58,481	58,481
Treasury shares	(214)	(214)	(214)	(214)
Statutory reserve	2,481	2,553	–	–
Fair value reserve	(11)	(12)	(11)	(12)
Retained earnings	166,717	170,021	114,899	123,703
Premium paid on acquisition of non-controlling interests	(2,189)	(2,189)	–	–
Foreign currency translation reserve	(3,141)	(2,457)	–	–
Share based payment reserve	586	421	586	421
	<u>222,710</u>	<u>226,604</u>	<u>173,741</u>	<u>182,379</u>
Non-controlling interests	7,759	7,255	–	–
<b>Total Equity</b>	<b><u>230,469</u></b>	<b><u>233,859</u></b>	<b><u>173,741</u></b>	<b><u>182,379</u></b>
<b>Total equity and liabilities</b>	<b><u>358,994</u></b>	<b><u>375,951</u></b>	<b><u>231,060</u></b>	<b><u>240,345</u></b>



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### 1(b)(ii) Aggregate amount of Group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

As at 31 Dec 2017		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
730	–	788	–

#### Amount repayable after one year

As at 31 Dec 2017		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
8,071	–	8,713	–

#### Detail of any collateral

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



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

	Group	
	1H 2018	1H 2017
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	4,470	6,340
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	6,290	7,726
Depreciation of investment property	88	92
Loss on disposal of property, plant and equipment, net	64	30
Gain on disposal of investment property	(73)	–
(Gain)/loss on disposal of subsidiary	(60)	10
Share-based compensation expenses	165	437
Write-back of trade receivables, net	(30)	(162)
Provision, net	(64)	20
Foreign exchange differences	551	(5,172)
Amortisation of land use rights	12	12
Amortisation of intangible assets	67	73
Share of results of associate	(227)	(227)
Interest income	(490)	(642)
Interest expense	115	186
	<b>10,878</b>	<b>8,723</b>
<b>Operating cash flows before working capital changes</b>		
Increase in contracts-in-progress	(8,417)	(12,151)
Decrease in accrued income	12,829	3,309
Increase in inventories	(250)	(13)
Decrease in trade and other receivables and prepayments	3,381	11,147
(Decrease)/increase in trade and other payables and accruals and provision	(3,769)	8,585
	<b>14,652</b>	<b>19,600</b>
<b>Cash flows generated from operations</b>		
Tax paid	(847)	(843)
Interest paid	(115)	(186)
Interest received	490	642
	<b>14,180</b>	<b>19,213</b>
<b>Net cash flows generated from operating activities</b>		
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	142	84
Proceeds from disposal of investment property	455	–
Net cash inflow from disposal of subsidiaries	–	22
Dividend income from associate	245	428
Purchase of property, plant and equipment	(2,995)	(2,385)
	<b>(2,153)</b>	<b>(1,851)</b>
<b>Net cash flows used in investing activities</b>		
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(986)	(2,428)
Proceeds from borrowings	286	–
Changes in bank deposits pledged	–	15
Dividends paid on ordinary shares	(6,365)	(7,594)
Dividends paid to non-controlling interests	–	(573)
	<b>(7,065)</b>	<b>(10,580)</b>
<b>Net cash flows used in financing activities</b>		
<b>Net increase in cash and cash equivalents</b>	<b>4,962</b>	<b>6,782</b>
Effect of exchange rate changes on cash and cash equivalents	(343)	3,662
Cash and cash equivalents at beginning of the period	107,022	150,563
	<b>111,641</b>	<b>161,007</b>
<b>Cash and cash equivalents at end of the period</b>		



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1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

## GROUP

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

	Share Capital	Treasury shares	Statutory Reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non-controlling interests	Foreign currency translation reserve	Share-based compensation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2017</b>	<b>58,481</b>	<b>(214)</b>	<b>2,553</b>	<b>170,021</b>	<b>(12)</b>	<b>(2,189)</b>	<b>(2,457)</b>	<b>421</b>	<b>226,604</b>	<b>7,255</b>	<b>233,859</b>
Total comprehensive income	–	–	–	1,361	–	–	(511)	–	850	434	1,284
Grant of performance share to employees	–	–	–	–	–	–	–	82	82	–	82
<b>At 30 September 2017</b>	<b>58,481</b>	<b>(214)</b>	<b>2,553</b>	<b>171,382</b>	<b>(12)</b>	<b>(2,189)</b>	<b>(2,968)</b>	<b>503</b>	<b>227,536</b>	<b>7,689</b>	<b>235,225</b>
Total comprehensive income	–	–	–	1,700	1	–	(173)	–	1,528	70	1,598
Disposal of subsidiary	–	–	(72)	–	–	–	–	–	(72)	–	(72)
Grant of performance share to employees	–	–	–	–	–	–	–	83	83	–	83
Dividends on ordinary shares	–	–	–	(6,365)	–	–	–	–	(6,365)	–	(6,365)
<b>At 31 December 2017</b>	<b>58,481</b>	<b>(214)</b>	<b>2,481</b>	<b>166,717</b>	<b>(11)</b>	<b>(2,189)</b>	<b>(3,141)</b>	<b>586</b>	<b>222,710</b>	<b>7,759</b>	<b>230,469</b>



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## GROUP

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

	Share Capital	Treasury shares	Statutory Reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non- controlling interests	Foreign currency translation reserve	Share-based compensation reserve	Equity attributable to owners of the company, total	Non- controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>1,085</b>	<b>163,420</b>	<b>–</b>	<b>(2,189)</b>	<b>(884)</b>	<b>301</b>	<b>219,392</b>	<b>12,915</b>	<b>232,307</b>
Total comprehensive income	–	–	–	1,330	(6)	–	(885)	–	439	(776)	(337)
Grant of performance share to employees	–	–	–	–	–	–	–	215	215	–	215
<b>At 30 September 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>1,085</b>	<b>164,750</b>	<b>(6)</b>	<b>(2,189)</b>	<b>(1,769)</b>	<b>516</b>	<b>220,046</b>	<b>12,139</b>	<b>232,185</b>
Total comprehensive income	–	–	–	4,238	–	–	1,265	–	5,503	927	6,430
Grant of performance share to employees	–	–	–	–	–	–	–	222	222	–	222
Dividends on ordinary shares	–	–	–	(7,594)	–	–	–	–	(7,594)	–	(7,594)
<b>At 31 December 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>1,085</b>	<b>161,394</b>	<b>(6)</b>	<b>(2,189)</b>	<b>(504)</b>	<b>738</b>	<b>218,177</b>	<b>13,066</b>	<b>231,243</b>



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<u>COMPANY</u>	Share Capital	Treasury shares	Retained earnings	Fair value reserve	Share-based compensation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2017</b>	<b>58,481</b>	<b>(214)</b>	<b>123,703</b>	<b>(12)</b>	<b>421</b>	<b>182,379</b>
Total comprehensive income	-	-	283	-	-	283
Grant of performance share to employees	-	-	-	-	82	82
<b>At 30 September 2017</b>	<b>58,481</b>	<b>(214)</b>	<b>123,986</b>	<b>(12)</b>	<b>503</b>	<b>182,744</b>
Total comprehensive income	-	-	(2,722)	1	-	(2,721)
Grant of performance share to employees	-	-	-	-	83	83
Dividends on ordinary shares	-	-	(6,365)	-	-	(6,365)
<b>At 31 December 2017</b>	<b>58,481</b>	<b>(214)</b>	<b>114,899</b>	<b>(11)</b>	<b>586</b>	<b>173,741</b>

<u>COMPANY</u>	Share Capital	Treasury shares	Retained earnings	Fair value reserve	Share-based compensation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>118,648</b>	<b>-</b>	<b>301</b>	<b>176,608</b>
Total comprehensive income	-	-	2,109	(6)	-	2,103
Grant of performance share to employees	-	-	-	-	215	215
<b>At 30 September 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>120,757</b>	<b>(6)</b>	<b>516</b>	<b>178,926</b>
Total comprehensive income	-	-	(1,113)	-	-	(1,113)
Grant of performance share to employees	-	-	-	-	222	222
Dividends on ordinary shares	-	-	(7,594)	-	-	(7,594)
<b>At 31 December 2016</b>	<b>58,481</b>	<b>(822)</b>	<b>112,050</b>	<b>(6)</b>	<b>738</b>	<b>170,441</b>





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- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Issued and fully paid ordinary shares:	Number of Shares	
	As at 31 Dec 2017	As at 31 Dec 2016
As at beginning and end of period	<u>254,617,792</u>	<u>253,125,600</u>

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

Total number of issued shares excluding treasury shares	As at 31 Dec 2017	As at 30 June 2017
	<u>254,617,792</u>	<u>254,617,792</u>

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

Treasury shares:	Number of Shares	
	As at 31 Dec 2017	As at 31 Dec 2016
As at beginning and end of period	<u>539,208</u>	<u>2,031,400</u>

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

The figures have not been audited or reviewed.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as of 30 June 2017.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

None.



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

	Group		Group	
	Q2 2018	Q2 2017	1H 2018	1H 2017
Weighted average number of ordinary shares for basic earnings per share computation ('000)	254,434	253,126	254,434	253,126
Effect of dilution				
-Performance share plan ('000)	2,238	3,730	2,238	3,730
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	256,672	256,856	256,672	256,856
Earnings per share (cents per share)				
- Basic	0.7	1.7	1.2	2.2
- Diluted	0.7	1.6	1.2	2.2

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

	Group		Company	
	31 Dec 2017	30 Jun 2017	31 Dec 2017	30 Jun 2017
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	87.5	89.0	68.2	71.6
No. of shares in computing NAV ('000)	254,618	254,618	254,618	254,618



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8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

### **Financial performance review Q2 and 1H 2017-18**

#### **Revenue**

The Group's revenue decreased by 25% from S\$201.4 million in 1HFY2017 to S\$151.8 million in 1H FY2018. This was mainly due to a decrease in revenue from project works following the substantial completion of projects in FY2017. The decrease was partially offset by an increase in revenues from maintenance services.

#### **Cost of sales**

The Group's cost of sales decreased by S\$51.4 million from S\$163.8 million in 1H FY2017 to S\$112.4 million in 1H FY2018 mainly due to lower direct costs following the completion of the projects works and a project settlement.

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

The Group's gross profit increased by S\$1.8 million from S\$37.6 million in 1H FY2017 to S\$39.4 million in 1H FY2018 and gross profit margin increased from 19% in 1H FY2017 to 26% in 1H FY2018.

The increase was mainly due to additional work from maintenance services and a project settlement in 1H FY2018.

#### **Other operating income**

Other operating income decreased by S\$0.4 million from S\$1.8 million in 1H FY2017 to S\$1.4 million in 1H FY2018. This was mainly due to decrease in grant and incentive received and interest income in 1H FY2018.

#### **Administrative expenses**

Administrative expenses decreased by S\$1.9 million from S\$15.1 million in 1H FY2017 to S\$13.2 million in 1H FY2018. This was mainly due to a decrease in share-based compensation expenses, provision of bonus incentive and general administrative expenses.



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### **Other operating expenses**

Other operating expenses increased by S\$5.3 million from S\$17.9 million in 1H FY2017 to S\$23.1 million in 1H FY2018. The increase was mainly due to loss on currency exchange of S\$1.1 million in 1HFY2018, as compared to a gain on currency exchange (primarily due to appreciation of USD) of S\$6.1 million, primarily due to the appreciation in USD in 1HFY2017.

Largely as a result of the increased maintenance activities, there was also an increase in workforce related expenses of S\$1.1 million such as workers accommodation, employee welfare and insurance.

The increase was partly offset by a decrease in depreciation of S\$1.4 million and provision of legal and settlement fee of S\$1.6 million for a subsidiary, Major Insulation & Links (MIL) Marketing Pte Ltd in Q1FY2017, following a court assessment on damages claimed by the customer. The subsidiary was ordered to be wound up on 24 March 2017.

### **Finance expenses**

Finance expenses decreased by S\$ 0.1 million from S\$ 0.3 million in 1H FY2017 to S\$ 0.2 million in 1H FY2018. This was mainly due to decrease in bank charges for bank guarantee issuance and interest on loans and short-term financings.

### **Taxation**

The effective tax rate increased from 11.7% in 1H FY2017 to 20.0% in 1H FY2018. The increase was mainly attributable to withholding tax for revenue received from foreign country.



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### **Balance Sheet Review**

The Group's non-current assets decreased by S\$4.2 million from S\$99.6 million in FY2017 to S\$95.4 million in 1H FY2018. This was mainly due to decrease in investment property, property, plant and equipment.

The Group's current assets decreased by S\$12.7 million from S\$276.3 million in FY2017 to S\$263.6 million in 1H FY2018. This was mainly due to decrease in accrued income and trade receivables. The decrease was offset by an increase in contracts-in-progress, other receivables and deposits, prepayments, cash and short-term deposits.

Of the S\$106.8 million trade receivables as at 31 December 2017, approximately S\$74.0 million relates to past due receivables. As at 12 February 2018, the Group has collected approximately S\$12.2 million of the S\$74.0 million and collections are continuing.

The Group's current liabilities decreased by S\$12.9 million from S\$131.6 million in FY2017 to S\$118.7 million in 1H FY2018. This was mainly due to decrease in progress billings in excess of costs, trade payables, other payables and accruals.

The Group's non-current liabilities decreased by S\$0.6 million from S\$10.5 million in FY2017 to S\$9.9 million in 1H FY2018. This was mainly due to partial loan repayment to the banks.

### **Cash Flow Review**

Net cash generated from operating activities for the Group in 1H FY2018 was S\$14.2 million.

The Group had used S\$2.2 million in investing activities in 1H FY2018. This was mainly attributable to purchase of construction equipment, motor vehicles and office equipment to support the business operation. The amount was partially offset by dividend income from associate and proceeds from disposal of investment property.

The Group had used S\$7.1 million in financing activities in 1H FY2018 which was mainly due to the repayment of bank borrowings and dividends payment to shareholders.

As a result of the above, there was an increase in cash and cash equivalents of S\$5.0 million to S\$111.6 million in 1H FY2018.



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

Not Applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Demand for energy and petrochemicals is expected to drive project investments in the process industry. This presents opportunities for PEC and we will tap on synergies of our integrated project capabilities to extend our presence in Southeast Asia and the Middle East.

We continue to see an increase in maintenance activities in the course of this calendar year and will leverage on our current position to improve the international footprint for maintenance services.

The orderbook stands at S\$43.5 million as at 31 December 2017, excluding maintenance contracts.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

NIL.

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

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

NIL.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not Applicable.

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

No interim dividend has been declared/recommended.

**13. Interested person transaction**

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

**14. Confirmation**

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the second quarter financial results to be false or misleading in any material aspect.

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

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



## **PEC LTD.**

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**BY ORDER OF THE BOARD**  
**Edna Ko Poh Thim**  
**Executive Chairman**  
**12<sup>th</sup> February 2018**