PEC LTD.

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Co. Reg. No: 198200079M

FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 30 June 2019.

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

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

Results for fourth quarter ("Q4") and full year ("FY") ended 30 June 2019:

	Q4 2019	Group Q4 2018 (Restated)	Change	FY 2019	Group FY 2018 (Restated)	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	104,849	85,197	23%	392,724	330,806	19%
Cost of sales	(81,528)	(59,449)	37%	(305,729)	(246,381)	24%
Gross profit	**23,321**	**25,748**	**(9%)**	**86,995**	**84,425**	**3%**
Gross profit margin	22%	30%		22%	26%	
Other operating income	2,514	3,058	(18%)	4,412	4,929	(10%)
Administrative expenses	(7,995)	(7,796)	3%	(27,677)	(28,124)	(2%)
Other operating expenses	(13,398)	(13,016)	3%	(50,372)	(47,728)	6%
Finance expenses	648	(87)	(845%)	(587)	(398)	47%
Share of results of associate	28	30	(7%)	159	311	(49%)
Profit before taxation	**5,118**	**7,937**	**(36%)**	**12,930**	**13,415**	**(4%)**
Income tax expense	(714)	(912)	(22%)	(3,123)	(2,649)	18%
Profit after taxation	**4,404**	**7,025**	**(37%)**	**9,807**	**10,766**	**(9%)**
Attributable to:						
Equity holders of the Company	3,468	6,883	(50%)	8,281	9,498	(13%)
Non-controlling interests	936	142	559%	1,526	1,268	20%
	4,404	**7,025**	**(37%)**	**9,807**	**10,766**	**(9%)**
Other comprehensive income:						
Item that will not be reclassified subsequently to profit or loss:						
Net change in fair value reserve	(1)	–	NM	(3)	–	NM
Item that may be reclassified subsequently to profit or loss:						
Net change in fair value reserve	–	(1)	NM	–	1	NM
Foreign currency translation	(657)	977	NM	(1,945)	407	NM
Total other comprehensive income for the year, net of tax	(658)	976	NM	(1,948)	408	NM
Total comprehensive income for the year	**3,746**	**8,001**	**(53%)**	**7,859**	**11,174**	**(30%)**
Total comprehensive income attributable to:						
Owners of the Company	2,912	7,916	(63%)	6,652	9,919	(33%)
Non-controlling interests	834	85	881%	1,207	1,255	(4%)
	3,746	**8,001**	**(53%)**	**7,859**	**11,174**	**(30%)**

Denotes: NM – not meaningful

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

	Group		Group	
	Q4 2019	Q4 2018 (Restated)	FY 2019	FY 2018 (Restated)
	S$'000	S$'000	S$'000	S$'000
Amortisation of land use rights	(6)	(7)	(24)	(25)
Amortisation of intangible assets	(5)	(34)	(74)	(134)
Depreciation of property, plant and equipment	(3,147)	(3,174)	(11,922)	(12,612)
Depreciation of investment property	(39)	(44)	(159)	(175)
Share-based compensation expenses	–	(32)	(85)	(263)
Write back/(Impairment) of trade and loan receivables, net	861	(2,880)	478	(2,850)
Interest expense	(153)	(59)	(377)	(231)
Exchange (loss)/gain, net	(503)	1,697	(734)	(144)
Loss on disposal of property, plant and equipment, net	(31)	(6)	(26)	(66)
Gain on disposal of investment property	94	–	183	73
Gain on disposal of intangible asset	–	–	142	–
Net gain on liquidation of subsidiary	–	2,209	–	2,209
Write back impairment loss on property, plant and equipment	530	–	530	–
Insurance claim	61	64	302	181
Interest income	292	185	932	878
Sundry income	567	327	830	786

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

	Group		Company	
	30 Jun 2019	30 Jun 2018 (restated)	30 Jun 2019	30 Jun 2018 (restated)
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	84,637	77,691	36,511	38,839
Investment property	5,943	6,911	–	–
Investment securities	4	6	4	6
Investment in subsidiaries	–	–	54,093	41,495
Investment in an associate	4,945	5,032	354	354
Intangible assets	1,645	1,657	83	38
Land use rights	593	645	–	–
Prepayments	1,077	–	–	–
Deferred tax assets	2,291	1,881	282	–
Trade receivables	1,014	1,652	–	–
	102,149	95,475	91,327	80,732
Current assets				
Contract assets	22,797	13,366	15,103	9,007
Accrued income	59,598	46,762	47,041	37,320
Inventories	321	373	–	–
Trade receivables	111,192	92,725	63,579	43,769
Other receivables and deposits	5,737	6,626	7,807	7,231
Prepayments	2,737	2,079	1,102	795
Capitalised contract costs	35,840	2,034	700	2,034
Amounts due from subsidiaries	–	–	5,536	10,532
Cash and short-term deposits	94,245	86,795	36,565	46,615
	332,467	250,760	177,433	157,303
Total Assets	**434,616**	**346,235**	**268,760**	**238,035**
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	57,797	1,305	11,650	728
Trade payables	27,439	17,668	30,339	18,772
Other payables and accruals	82,866	70,439	35,561	33,804
Provisions	3,229	6,029	1,815	1,760
Loans and borrowings	12,181	766	10,000	28
Income tax payable	1,604	475	1,087	–
	185,116	96,682	90,452	55,092
Net current assets	**147,351**	**154,078**	**86,981**	**102,211**
Non-current liabilities				
Provisions	1,238	1,238	1,238	1,238
Loans and borrowings	6,770	7,721	–	–
Deferred tax liabilities	525	521	–	39
	8,533	9,480	1,238	1,277
Total Liabilities	**193,649**	**106,162**	**91,690**	**56,369**
Net assets	**240,967**	**240,073**	**177,070**	**181,666**
Equity attributable to owners of the Company				
Share capital	58,836	58,836	58,836	58,836
Treasury shares	(445)	(120)	(445)	(120)
Statutory reserve	2,481	2,481	–	–
Fair value reserve	(14)	(11)	(14)	(11)
Retained earnings	174,012	171,620	118,693	122,839
Premium paid on acquisition of non-controlling interests	(2,189)	(2,189)	–	–
Foreign currency translation reserve	(1,205)	420	–	–
Share based payment reserve	–	122	–	122
	231,476	**231,159**	**177,070**	**181,666**
Non-controlling interests	9,491	8,914	–	–
Total Equity	**240,967**	**240,073**	**177,070**	**181,666**
Total equity and liabilities	**434,616**	**346,235**	**268,760**	**238,035**

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

Amount repayable in one year or less, or on demand

As at 30 June 2019		As at 30 June 2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
2,181	10,000	766	–

Amount repayable after one year

As at 30 June 2019		As at 30 June 2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
6,770	–	7,721	–

Detail of any collateral

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

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

	Group	
	FY 2019	FY 2018 (Restated)
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	12,930	13,415
Adjustments for:		
Depreciation of property, plant and equipment	11,922	12,612
Depreciation of investment property	159	175
Loss on disposal of property, plant and equipment, net	26	66
Gain on disposal of investment property	(183)	(73)
Write back impairment loss on property, plant and equipment	(530)	–
Gain on disposal of intangible asset	(142)	–
Net gain on liquidation of subsidiary	–	(2,209)
Share-based compensation expenses	85	263
(Write back)/impairment of trade and loan receivables, net	(478)	2,850
Provision, net	(2,794)	3,245
Foreign exchange differences	881	(100)
Amortisation of land use rights	24	25
Amortisation of intangible assets	74	134
Share of results of associate	(159)	(311)
Interest income	(932)	(878)
Interest expense	377	231
Operating cash flows before working capital changes	**21,260**	**29,445**
Increase in contract assets net contract liabilities	(9,111)	(5,922)
Increase in accrued income	(13,180)	(7,731)
Decrease/(increase) in inventories	47	(95)
(Increase)/decrease in trade and other receivables and prepayments	(53,603)	18,069
Increase/(decrease) in progress billings in excess of costs	56,492	(37,545)
Increase/(decrease) in trade and other payables and accruals	22,402	(776)
Cash flows generated from/(used in) operations	**24,307**	**(4,555)**
Tax paid	(2,586)	(3,157)
Interest paid	(377)	(231)
Interest received	932	878
Net cash flows generated from/(used in) operating activities	**22,276**	**(7,065)**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	397	263
Proceeds from disposal of investment property	931	455
Proceeds from disposal of intangible asset	159	–
Net cash outflow from disposal of a subsidiary	–	(65)
Dividend income from associate	245	245
Acquisition of intangible assets	(79)	–
Purchase of property, plant and equipment	(19,475)	(6,907)
Net cash flows used in investing activities	**(17,822)**	**(6,009)**
Cash flows from financing activities		
Repayment of borrowings	(1,168)	(1,364)
Purchase of treasury shares	(947)	(120)
Proceeds from borrowings	10,600	289
Changes in bank deposits pledged	(15)	–
Dividends paid on ordinary shares	(5,094)	(6,365)
Net cash flows generated from/(used in) financing activities	**3,376**	**(7,560)**
Net increase/(decrease) in cash and cash equivalents	**7,830**	**(20,634)**
Effect of exchange rate changes on cash and cash equivalents	(1,194)	345
Cash and cash equivalents at beginning of the year	86,733	107,022
Cash and cash equivalents at end of the year	**93,369**	**86,733**

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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
At 30 June 2018	**58,836**	**(120)**	**2,481**	**174,077**	**(11)**	**(2,189)**	**(2,037)**	**122**	**231,159**	**8,914**	**240,073**
Effect of adoption of SFRS(I)1	–	–	–	(2,457)	–	–	2,457	–	–	–	–
At 30 June 2018 (restated)	**58,836**	**(120)**	**2,481**	**171,620**	**(11)**	**(2,189)**	**420**	**122**	**231,159**	**8,914**	**240,073**
Effect of adoption of SFRS(I)9	–	–	–	(380)	–	–	–	–	(380)	–	(380)
At 1 July 2018 (restated)	**58,836**	**(120)**	**2,481**	**171,240**	**(11)**	**(2,189)**	**420**	**122**	**230,779**	**8,914**	**239,693**
Total comprehensive income	–	–	–	1,445	–	–	(1,163)	–	282	(27)	255
Grant of performance share to employees	–	(220)	–	–	–	–	–	32	(188)	–	(188)
At 30 September 2018	**58,836**	**(340)**	**2,481**	**172,685**	**(11)**	**(2,189)**	**(743)**	**154**	**230,873**	**8,887**	**239,760**
Total comprehensive income	–	–	–	2,932	(1)	–	(16)	–	2,915	397	3,312
Grant of performance share to employees	–	(611)	–	–	–	–	–	32	(579)	–	(579)
Dividends on ordinary shares	–	–	–	(5,094)	–	–	–	–	(5,094)	–	(5,094)
At 31 December 2018	**58,836**	**(951)**	**2,481**	**170,523**	**(12)**	**(2,189)**	**(759)**	**186**	**228,115**	**9,284**	**237,399**
Total comprehensive income	–	–	–	436	(1)	–	109	–	544	18	562
Purchase of treasury shares	–	(116)	–	–	–	–	–	–	(116)	–	(116)
Dividend paid to non-controlling interest by subsidiaries	–	–	–	–	–	–	–	–	–	(645)	(645)
Grant of performance share to employees	–	–	–	–	–	–	–	21	21	–	21
Treasury shares reissued pursuant to performance share plans	–	622	–	(415)	–	–	–	(207)	–	–	–
At 31 March 2019	**58,836**	**(445)**	**2,481**	**170,544**	**(13)**	**(2,189)**	**(650)**	**–**	**228,564**	**8,657**	**237,221**
Total comprehensive income	–	–	–	3,468	(1)	–	(555)	–	2,912	834	3,746
At 30 June 2019	**58,836**	**(445)**	**2,481**	**174,012**	**(14)**	**(2,189)**	**(1,205)**	**–**	**231,476**	**9,491**	**240,967**

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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**
At 1 July 2017	**58,481**	**(214)**	**2,553**	**170,021**	**(12)**	**(2,189)**	**(2,457)**	**421**	**226,604**	**7,255**	**233,859**
Effect of adoption of SFRS(I)1	–	–	–	(2,457)	–	–	2,457	–	–	–	–
Effect of adoption of SFRS(I)15	–	–	–	930	–	–	–	–	930	–	930
At 1 July 2017 (restated)	**58,481**	**(214)**	**2,553**	**168,494**	**(12)**	**(2,189)**	**–**	**421**	**227,534**	**7,255**	**234,789**
Total comprehensive income	–	–	–	982	–	–	(511)	–	471	434	905
Grant of performance share to employees	–	–	–	–	–	–	–	82	82	–	82
At 30 September 2017	**58,481**	**(214)**	**2,553**	**169,476**	**(12)**	**(2,189)**	**(511)**	**503**	**228,087**	**7,689**	**235,776**
Total comprehensive income	–	–	–	1,539	1	–	(173)	–	1,367	70	1,437
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)
At 31 December 2017	**58,481**	**(214)**	**2,481**	**164,650**	**(11)**	**(2,189)**	**(684)**	**586**	**223,100**	**7,759**	**230,859**
Total comprehensive income	–	–	–	94	1	–	70	–	165	667	832
Issued new ordinary shares	355	–	–	–	–	–	–	(355)	–	–	–
Grant of performance share to employees	–	–	–	–	–	–	–	66	66	–	66
Treasury shares reissued pursuant to performance share plans	–	214	–	(7)	–	–	–	(207)	–	–	–
At 31 March 2018	**58,836**	**–**	**2,481**	**164,737**	**(10)**	**(2,189)**	**(614)**	**90**	**223,331**	**8,426**	**231,757**
Total comprehensive income	–	–	–	6,883	(1)	–	1,034	–	7,916	85	8,001
Purchase of treasury shares	–	(120)	–	–	–	–	–	–	(120)	–	(120)
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	403	403
Grant of performance share to employees	–	–	–	–	–	–	–	32	32	–	32
At 30 June 2018	**58,836**	**(120)**	**2,481**	**171,620**	**(11)**	**(2,189)**	**420**	**122**	**231,159**	**8,914**	**240,073**

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COMPANY	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
At 1 July 2018	**58,836**	**(120)**	**122,839**	**(11)**	**122**	**181,666**
Total comprehensive income	–	–	1,673	–	–	1,673
Purchase of treasury shares	–	(220)	–	–	–	(220)
Grant of performance share to employees	–	–	–	–	32	32
At 30 September 2018	**58,836**	**(340)**	**124,512**	**(11)**	154	**183,151**
Total comprehensive income	–	–	4,377	(1)	–	4,376
Purchase of treasury shares	–	(611)	–	–	–	(611)
Grant of performance share to employees	–	–	–	–	32	32
Dividends on ordinary shares	–	–	(6,365)	–	–	(6,365)
At 31 December 2018	**58,836**	**(951)**	**122,524**	**(12)**	186	**180,583**
Total comprehensive income	–	–	1,532	(1)	–	1,531
Purchase of treasury shares	–	(116)	–	–	–	(116)
Grant of performance share to employees	–	–	–	–	21	21
Treasury shares reissued pursuant to performance share plans	–	622	(415)	–	(207)	–
At 31 March 2019	**58,836**	**(445)**	**123,641**	**(13)**	–	**182,019**
Total comprehensive income	–	–	(4,948)	(1)	–	(4,949)
At 30 June 2019	**58,836**	**(445)**	**118,693**	**(14)**	**-**	**177,070**

COMPANY	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
At 1 July 2017	**58,481**	**(214)**	**123,703**	**(12)**	**421**	**182,379**
Effect of adoption of SFRS(I)15	–	–	949	–	–	949
At 1 July 2017 (restated)	**58,481**	**(214)**	**124,652**	**(12)**	**421**	**183,328**
Total comprehensive income	–	–	(97)	–	–	(97)
Grant of performance share to employees	–	–	–	–	82	82
At 30 September 2017	**58,481**	**(214)**	**124,555**	**(12)**	**503**	**183,313**
Total comprehensive income	–	–	(2,882)	1	–	(2,881)
Grant of performance share to employees	–	–	–	–	83	83
Dividends on ordinary shares	–	–	(6,365)	–	–	(6,365)
At 31 December 2017	**58,481**	**(214)**	**115,308**	**(11)**	**586**	**174,150**
Total comprehensive income	–	–	(3,286)	1	–	(3,285)
Issued new ordinary shares	355	–	–	–	(355)	–
Grant of performance share to employees	–	–	–	–	66	66
Treasury shares reissued pursuant to performance share plans	–	214	(7)	–	(207)	–
At 31 March 2018	**58,836**	**–**	**112,015**	**(10)**	**90**	**170,931**
Total comprehensive income	–	–	10,824	(1)	–	10,823
Purchase of treasury shares	–	(120)	–	–	–	(120)
Grant of performance share to employees	–	–	–	–	32	32
At 30 June 2018	**58,836**	**(120)**	**122,839**	**(11)**	**122**	**181,666**

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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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	
Issued and fully paid ordinary shares:	As at 30 Jun 2019	As at 30 Jun 2018
As at beginning of year	255,514,739	254,617,792
Issued new ordinary shares	-	557,763
Purchase of treasury shares	(1,597,000)	(200,000)
Reissued of treasury shares	1,047,487	539,184
As at end of year	254,965,226	255,514,739

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

	As at 30 Jun 2019	As at 30 Jun 2018
Total number of issued shares excluding treasury shares	254,965,226	255,514,739

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 reported on.

	Number of Shares	
Treasury shares:	As at 30 Jun 2019	As at 30 Jun 2018
As at beginning of year	200,024	539,208
Purchase of treasury shares	1,597,000	200,000
Reissued of treasury shares	(1,047,487)	(539,184)
As at end of year	749,537	200,024

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at end of the current financial period reported on.

Not applicable. The Company did not have subsidiary holdings as at the end of the current financial period reported on.

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.

Except as disclosed in Section 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's and the Company's most recently audited financial statements for the year ended 30 June 2018.

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.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, the Singapore Financial Reporting Standards (International) (SFRS(I)s), that is identical to the International Financial Reporting Standards (IFRS) for annual periods beginning on or after 1 January 2018. The Group and the Company have adopted the new financial reporting framework, SFRS(I)s, on 1 July 2017 and have prepared its first set of financial information under SFRS(I)s for the financial year ended 30 June 2019.

SFRS(I)1 First-time Adoption of SFRS(I)
The Group has elected the optional exemption in SFRS(I)1 to deem cumulative translation differences for foreign operations to be zero on 1 July 2017 and reclassified S$2.457 million of foreign currency translation reserve to the opening retained earnings as at 1 July 2017. After the date of transition, any gain or loss on disposal of any foreign operation will exclude translation reserves that arose before the date of transition.

SFRS(I)9 Financial Instruments
The Group has adopted the expected credit loss requirements in SFRS(I)9 on the required effective date without restating prior periods' information and recognised any difference between the previous carrying amount as at the end of previous reporting period and the carrying amount as at the beginning of the current reporting period in the opening revenue reserves. As a result, trade receivables and retained earnings as at 1 July 2018 were adjusted by S$0.38 million.

SFRS(I)15 Revenue from Contracts with Customers
In accordance with the requirements of SFRS(I)1, the Group has adopted the SFRS(I)15 retrospectively.

Before SFRS(I)15, the Group recognised revenue to the extent of contract costs that are likely to be recoverable and contract costs as an expense in the period in which they are incurred.

Under SFRS(I)15, the Group recognises revenue inclusive of estimated variable consideration in exchange of transferring the promised goods or services to a customer. Under SFRS(I)15, the Group recognises contract costs amortised on a systematic basis that is consistent with the transfer of goods or services transferred. As a result, revenue increased by S$5.106 million for the financial year ended 30 Jun 2017 (9M FY2018 – decrease S$1.83 million) and costs increased by S$4.176 million (9M FY2018 – S$0.11 million), resulting in a net increase of S$$0.93 million in contract assets and S$0.93 million in retained earnings as at 30 June 2017.

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	Group			Group		
	Q4 2018	Effects of SFRS(I)15	Q4 2018 (Restated)	FY 2018	Effects of SFRS(I)15	FY 2018 (Restated)
	S$'000		S$'000	S$'000		S$'000
Revenue	88,476	(3,279)	85,197	335,912	(5,106)	330,806
Cost of sales	(63,625)	4,176	(59,449)	(250,557)	4,176	(246,381)
Gross profit	**24,851**	897	**25,748**	**85,355**	(930)	**84,425**
Gross profit margin	28%		30%	25%		26%
Other operating income	3,058		3,058	4,929		4,929
Administrative expenses	(7,687)	(109)	(7,796)	(28,124)		(28,124)
Other operating expenses	(13,016)		(13,016)	(47,728)		(47,728)
Finance expenses	(87)		(87)	(398)		(398)
Share of results of associate	30		30	311		311
Profit before taxation	**7,149**	788	**7,937**	**14,345**	(930)	**13,415**
Income tax expense	(912)		(912)	(2,649)		(2,649)
Profit after taxation	**6,237**	788	**7,025**	**11,696**	(930)	**10,766**
Attributable to:						
Equity holders of the Company	6,095	788	6,883	10,428	(930)	9,498
Non-controlling interests	142		142	1,268		1,268
	6,237	788	**7,025**	**11,696**	(930)	**10,766**

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	Group		
	30 Jun 2017	Effects of SFRS(I)1, 15	30 Jun 2017 (restated)
	S$'000		S$'000
ASSETS			
Non-current assets			
Property, plant and equipment	83,723		83,723
Investment property	7,372		7,372
Investment securities	6		6
Investment in subsidiaries	–		–
Investment in an associate	4,965		4,965
Intangible assets	1,792		1,792
Land use rights	661		661
Deferred tax assets	1,102		1,102
Trade receivables	2,218		2,218
	101,839		101,839
Current assets			
Contract assets	6,167	930	7,097
Accrued income	38,949		38,949
Inventories	277		277
Trade receivables	111,633		111,633
Other receivables and deposits	5,459		5,459
Prepayments	4,605	(866)	3,739
Capitalised contract costs	–	3,495	3,495
Cash and short-term deposits	107,022		107,022
	274,112	3,559	277,671
Total Assets	**375,951**	3,559	**379,510**
EQUITIES AND LIABILITIES			
Current liabilities			
Contract liabilities	38,851		38,851
Trade payables	27,011		27,011
Other payables and accruals	61,981	2,629	64,610
Provisions	2,654		2,654
Loans and borrowings	788		788
Income tax payable	303		303
	131,588		134,217
Net current assets	142,524	930	143,454
Non-current liabilities			
Provisions	1,364		1,364
Loans and borrowings	8,713		8,713
Deferred tax liabilities	427		427
	10,504		10,504
Total Liabilities	**142,092**		**144,721**
Net assets	**233,859**	930	**234,789**
Equity attributable to owners of the Company			
Share capital	58,481		58,481
Treasury shares	(214)		(214)
Statutory reserve	2,553		2,553
Fair value reserve	(12)		(12)
Retained earnings	170,021	930	170,951
Premium paid on acquisition of non-controlling interests	(2,189)		(2,189)
Foreign currency translation reserve	(2,457)		(2,457)
Share based payment reserve	421		421
	226,604	930	227,534
Non-controlling interests	7,255		7,255
Total Equity	**233,859**	930	**234,789**
Total equity and liabilities	**375,951**	3,559	**379,510**

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

	Group		Group	
	Q4 2019	Q4 2018 (Restated)	FY 2019	FY 2018 (Restated)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	254,812	255,002	254,812	255,002
Effect of dilution				
-Performance share plan ('000)	–	1,141	–	1,141
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	254,812	256,143	254,812	256,143
Earnings per share (cents per share)				
- Basic	1.4	2.7	3.2	3.7
- Diluted	1.4	2.7	3.2	3.7

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

	Group		Company	
	30 Jun 2019	30 Jun 2018 (restated)	30 Jun 2019	30 Jun 2018 (restated)
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	90.8	90.5	69.4	71.1
No. of shares in computing NAV ('000)	254,965	255,515	254,965	255,515

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable)seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Financial performance review Q4 and FY 2018-19

Revenue

The Group's revenue increased by S$61.9 million from S$330.8 million in FY2018 to S$392.7 million in FY2019. This was mainly due to revenue contribution from project works and maintenance services resulting from higher volume of activities in FY2019.

Cost of sales

The Group's cost of sales increased by S$59.3 million from S$246.4 million in FY2018 to S$305.7 million in FY2019 mainly due to an increase in manpower, materials and equipment rental cost resulting from the higher volume of activities in FY2019.

Gross profit and gross profit margin

The Group's gross profit increased by S$2.6 million from S$84.4 million in FY2018 to S$87.0 million in FY2019. The increase in gross profit was mainly due to contribution from projects works.

As a result of lower margin contribution from maintenance services in FY2019, the Group's gross profit margin decreased from 26% in FY2018 to 22% in FY2019.

Other operating income

The Group's other operating income decreased by S$0.5 million from S$4.9 million in FY2018 to S$4.4 million in FY2019. This was mainly due to decrease in net gain on liquidation of subsidiaries, grant and incentive received. The decrease was partially offset by an increase in insurance claim, gain on disposal of assets, write back of doubtful debt and write back of impairment on site equipment.

Administrative expenses

Administrative expenses decreased by S$0.4 million from S$28.1 million in FY2018 to S$27.7 million in FY2019. This was mainly due to decrease in salaries remuneration and general administrative expenses. The decrease was partially offset by an increase in utilities.

Other operating expenses

Other operating expenses increased by S$2.6 million from S$47.7 million in FY2018 to S$50.3 million in FY2019. This was mainly due to higher direct operating cost such as workers accommodation, employee welfare, insurance, transport and personal protective equipment as well as forex loss resulting mainly from the depreciation of the RMB .

The increase was partially offset by a decrease in depreciation and loan impairment pertaining to a subsidiary under liquidation.

Finance Expenses

The Group's finance expenses increased by S$0.2 million from S$0.4 million in FY2018 to S$0.6 million in FY2019. This was mainly due to interest on loan financings and issuance of bank guarantees.

Share of results of associates

Share of results of associates decreased by S$0.1 million from S$0.3 million in FY2018 to S$0.2 million in FY2019 as a result of competitive environment.

Taxation

The effective tax rate increased from 19.7% in FY2018 to 24.2% in FY2019. The increase was mainly attributable to higher tax provision for certain overseas entities and decrease in profit contribution from tax free zone in FY2019.

Balance Sheet Review

The Group non-current assets increased by S$6.6 million from S$95.5 million in FY2018 to S$102.1 million in FY2019. This was due to increase in property, plant and equipment, prepayment and deferred tax assets. The increase was offset by a decrease in investment property and trade receivables relating to retention money for projects.

The Group's current assets increased by S$81.7 million from S$250.8 million in FY2018 to S$332.5 million in FY2019. This was mainly due to increase in contract assets, accrued income, trade receivables, prepayments, capitalised contract costs, cash and short-term deposits. Under SFRS(I)15, the Group has capitalised contract costs relating to incremental costs of obtaining a contract and costs to fulfil the contract provided these costs are recoverable. The increase was offset by a decrease in other receivables and deposits.

Of the S$111.2 million trade receivables as at 30 June 2019, approximately S$54.7 million relates to past due receivables. As at 28 August 2018, the Group has collected approximately S$5.2 million out of S$54.7 million subsequent to 30 June 2019 and collections are continuing.

The Group's current liabilities increased by S$88.4 million from S$96.7 million in FY2018 to S$185.1 million in FY2019. This was mainly due to an increase in contract liabilities, arising from advance payments received in relation to ongoing projects, trade payables, other payables and accruals, loans and borrowings as well as income tax payable. The increase was offset by a decrease in provisions.

The Group's non-current liabilities decreased by S$1.0 million from S$9.5 million in FY2018 to S$8.5 million in FY2019. This was mainly due to partial loan repayment to the banks.

Cash Flow Review

Net cash generated from operating activities for the Group in FY2019 was S$22.3 million.

The Group had used S$17.8 million in investing activities in FY2019. This was mainly attributable to investment in industrial land and fabrication facilities in Vietnam, 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, disposal of intangible asset and disposal of property, plant and equipment.

The Group had generated S$3.4 million from financing activities in FY2019 which was mainly due to proceeds from borrowings to support the construction of fabrication facilities in Vietnam. The amount was offset by repayment of loan borrowings, purchase of treasury shares and dividends payments to shareholders.

As a result of the above, there was an increase in cash and cash equivalents of S$7.8 million to S$93.4 million in FY2019.

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.

Recent awards of significant projects in the refining and petrochemical industries are a positive indication of brighter prospects for the process industry over the near to medium term. These developments, along with the rising global demand for petrochemicals and 'cleaner' fuels, augur well for the industry.

Despite the brighter outlook, the operating environment remains challenging with intense competition and a protracted US-China trade war. Nevertheless, we are confident that the Group's ongoing digitalisation efforts and the building of deep engineering capabilities have placed PEC well for the rising opportunities in both maintenance and project works in key Asian and Middle East markets. The Group's recently completed 9th engineering and fabrication facility in Vietnam will also enable us to better serve our clients in and around the region.

The orderbook stood at S$362.6 million as at 30 June 2019, excluding maintenance contracts.

11. Dividend

If a decision regarding dividend has been made: -
(a) Whether an interim (final) dividend has been declared (recommended); and

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

	FY2019
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents per share
Tax rate	One-Tier

(b) Previous corresponding period (cents)

	FY2018
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents per share
Tax rate	One-Tier

(c) The date the dividend is payable

To be announced later.

(d) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

To be announced later.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No interim dividend has been declared for the current quarter. The Company will review and consider a final dividend as may be recommended by the Board and approved by shareholders at the Annual General Meeting.

13. Interested person transaction

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

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

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

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

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

The Group Segmental results for the year ended 30 June 2019 is as follows:

A) Business Segment

	Project works	Plant maintenance and related services	Other operations	Elimina-tions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
2019					
Revenue	146,260	245,967	497	–	392,724
Inter-segment sales	32,756	17,849	2,809	(53,414)	–
Total revenue	**179,016**	**263,816**	**3,306**	**(53,414)**	**392,724**
Results:					
Segment results	41,869	44,972	154	–	86,995
Unallocated expenses					(63,398)
Interest income					932
Depreciation and amortisation	(6,627)	(1,531)	(124)	–	(8,282)
Unallocated depreciation and amortisation					(3,897)
Write back of impairment on property, plant and equipment					530
Write back/(allowance) of trade receivables	(44)	522	–	–	478
Finance costs					(587)
Share of results of associates	–	–	159	–	159
Profit before taxation					12,930
Income tax expense					(3,123)
Profit for the year					**9,807**
2018					
Revenue	103,732	226,552	522	–	330,806
Inter-segment sales	23,292	17,288	1,741	(42,321)	–
Total revenue	**127,024**	**243,840**	**2,263**	**(42,321)**	**330,806**
Results:					
Segment results	29,386	54,848	191	–	84,425
Unallocated expenses					(58,457)
Interest income					878
Depreciation and amortisation	(4,444)	(1,383)	(137)	–	(5,964)
Unallocated depreciation and amortisation					(6,982)
Allowance of trade receivables	(8)	(390)	–	–	(398)
Finance costs					(398)
Share of results of associates	–	–	311	–	311
Profit before taxation					13,415
Income tax expense					(2,649)
Profit for the year					**10,766**

B) Geographical Segment

	Singapore	Malaysia	UAE	Others	Elimina-tions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2019						
Revenue	299,572	12,467	18,713	61,972	–	392,724
Inter-segment sales	37,911	151	–	15,352	(53,414)	–
Segment Revenue	**337,483**	**12,618**	**18,713**	**77,324**	**(53,414)**	**392,724**
2018						
Revenue	211,021	2,643	40,466	76,676	–	330,806
Inter-segment sales	25,702	196	–	16,423	(42,321)	–
Segment Revenue	**236,723**	**2,839**	**40,466**	**93,099**	**(42,321)**	**330,806**

	Singapore	Malaysia	UAE	Others	Elimina-tions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2019						
Asset:						
Non-current assets	116,157	3,544	5,532	27,700	(54,093)	98,840
2018						
Asset:						
Non-current assets	107,350	3,859	6,731	15,491	(41,495)	91,936

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

The increase in revenue in FY2019 was mainly due to increase in revenue from project works and maintenance services resulted from higher volume of activities in Singapore.

The decrease in gross profit margin in FY2019 was mainly due to lower magin contribution from maintenance services.

17. A breakdown of sales as follows:

	Group		
	FY2019	FY2018 (Restated)	
	S$'000	S$'000	Change %
(a) Sales reported for first half year	200,831	151,288	33%
(b) Operating profit after tax before deducting minority interests reported for first half year	5,032	3,036	66%
(c) Sales reported for second half year	191,893	179,518	7%
(d) Operating profit after tax before deducting minority interests reported for second half year	4,775	7,730	(38%)

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

	FY2019	FY2018
	S$'000	S$'000
Ordinary	5,099	5,110
Special	Nil	Nil
Total	5,099	5,110

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

Name	Age	Family relationship with any Director, CEO and/or Substantial Shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Patricia Ko Poh Cheng	54	Sister of Edna Ko Poh Thim, Chairman and Substantial Shareholder of the Company	(i) Employed on consultancy basis for the Company in relation to its China business since 2002. (ii) General Manager of PEC Technology Consultancy Services (Huizhou) Ltd since 2004. (iii) General Manager of PEC Construction Equipment Leasing Company (Huizhou) Ltd since 2005. (iv) Executive Director of Huizhou Tianxin Petrochemical Engineering Co., Ltd since 2005.	None

BY ORDER OF THE BOARD

Edna Ko Poh Thim
Executive Chairman
29th August 2019