



PEC LTD.

14 International Business Park, Singapore 609922
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Co. Reg. No: 198200079M

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 JUNE 2024

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

Results for second half ("2H") and full year ("FY") ended 30 June 2024:

	Group			Group		
	2H 2024	2H 2023	Change	FY 2024	FY 2023	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	204,013	239,975	(15%)	491,034	430,939	14%
Cost of sales	(145,464)	(198,095)	(27%)	(376,040)	(344,670)	9%
Gross profit	58,549	41,880	40%	114,994	86,269	33%
Gross profit margin	29%	17%		23%	20%	
Other operating income	3,950	2,199	80%	6,301	3,995	58%
Administrative expenses	(18,085)	(13,981)	29%	(35,909)	(29,989)	20%
(Impairment loss)/write back on financial assets and contract assets	(180)	4,851	(104%)	(152)	4,866	(103%)
Other operating expenses	(26,249)	(28,130)	(7%)	(57,741)	(52,130)	11%
Finance expenses	(1,045)	(975)	7%	(2,087)	(1,576)	32%
Profit before taxation	16,940	5,844	190%	25,406	11,435	122%
Income tax expense	(5,138)	(1,282)	301%	(6,723)	(3,363)	100%
Profit after taxation	11,802	4,562	159%	18,683	8,072	131%
Profit for the period attributable to:						
Owners of the Company	10,788	3,906	176%	15,996	6,768	136%
Non-controlling interests	1,014	656	55%	2,687	1,304	106%
	11,802	4,562	159%	18,683	8,072	131%
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency translation	1	(772)	(100%)	(657)	(5,905)	(89%)
<i>Items that will not be reclassified to profit or loss:</i>						
Net fair value changes on equity instrument at fair value through other comprehensive income	-	-	NM	-	-	NM
Total other comprehensive income for the period, net of tax	1	(772)	(100%)	(657)	(5,905)	(89%)
Total comprehensive income for the period	11,803	3,790	211%	18,026	2,167	NM
Total comprehensive income attributable to:						
Owners of the Company	11,803	3,244	264%	15,359	1,360	NM
Non-controlling interests	-	546	(100%)	2,667	807	230%
	11,803	3,790	211%	18,026	2,167	NM

Denotes: NM – not meaningful



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B. Condensed interim statements of financial position

	Group		Company	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	72,239	74,124	27,941	33,146
Investment property	2,812	2,900	–	–
Investment securities	1	1	1	1
Investment in subsidiaries	–	–	44,270	53,285
Intangible assets	37	41	37	41
Prepayments	688	797	–	–
Deferred tax assets	2,933	3,019	2,938	2,053
Right-of-use assets	38,311	39,239	13,581	14,313
	<u>117,021</u>	<u>120,121</u>	<u>88,768</u>	<u>102,839</u>
Current assets				
Asset held for sale	635	1,411	–	–
Contract assets	57,313	48,105	26,633	26,006
Inventories	506	601	–	–
Trade receivables	68,367	98,637	42,875	67,182
Other receivables and deposits	7,330	8,231	2,250	2,879
Prepayments	1,799	1,731	700	736
Capitalised contract costs	2,005	5,880	–	–
Amounts due from subsidiaries	–	–	25,936	19,916
Cash and short-term deposits	146,603	126,142	65,288	42,696
	<u>284,558</u>	<u>290,738</u>	<u>163,682</u>	<u>159,415</u>
Total Assets	<u>401,579</u>	<u>410,859</u>	<u>252,450</u>	<u>262,254</u>
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	3,827	5,941	691	1,987
Trade payables	19,248	36,934	13,755	16,571
Other payables and accruals	65,393	64,228	34,308	33,834
Provisions	5,731	10,284	1,861	2,245
Loans and borrowings	1,750	3,988	1,458	2,708
Lease liabilities	3,412	3,034	1,153	1,129
Income tax payable	4,013	1,336	2,066	775
	<u>103,374</u>	<u>125,745</u>	<u>55,292</u>	<u>59,249</u>
Net current assets	181,184	164,993	108,390	100,166
Non-current liabilities				
Provisions	4,959	3,058	4,799	2,903
Loans and borrowings	1,912	2,307	–	–
Lease liabilities	36,646	37,148	13,333	13,950
Deferred tax liabilities	161	143	–	–
	<u>43,678</u>	<u>42,656</u>	<u>18,132</u>	<u>16,853</u>
Total Liabilities	<u>147,052</u>	<u>168,401</u>	<u>73,424</u>	<u>76,102</u>
Net assets	<u>254,527</u>	<u>242,458</u>	<u>179,026</u>	<u>186,152</u>
Equity attributable to owners of the Company				
Share capital	58,836	58,836	58,836	58,836
Treasury shares	(1,756)	(1,076)	(1,756)	(1,076)
Statutory reserve	2,480	2,480	–	–
Fair value reserve	(12)	(12)	(12)	(12)
Retained earnings	193,739	182,858	120,919	127,804
Premium paid on acquisition of non-controlling interests	(4,841)	(4,841)	–	–
Foreign currency translation reserve	(5,964)	(5,327)	–	–
Share-based compensation reserve	1,039	600	1,039	600
	<u>243,521</u>	<u>233,518</u>	<u>179,026</u>	<u>186,152</u>
Non-controlling interests	11,006	8,940	–	–
Total Equity	<u>254,527</u>	<u>242,458</u>	<u>179,026</u>	<u>186,152</u>
Total equity and liabilities	<u>401,579</u>	<u>410,859</u>	<u>252,450</u>	<u>262,254</u>



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C. Condensed interim statements of changes in equity

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	Share-based compensation reserve	Foreign currency translation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2023	58,836	(1,076)	2,480	182,858	(12)	(4,841)	600	(5,327)	233,518	8,940	242,458
Total comprehensive income	–	–	–	15,996	–	–	–	(637)	15,359	2,667	18,026
Dividends on ordinary shares	–	–	–	(5,075)	–	–	–	–	(5,075)	–	(5,075)
Treasury shares reissued pursuant to performance share plan	–	544	–	(40)	–	–	(504)	–	–	–	–
Dividend paid to non-controlling interest by subsidiaries	–	–	–	–	–	–	–	–	–	(601)	(601)
Purchase of treasury shares	–	(1,224)	–	–	–	–	–	–	(1,224)	–	(1,224)
Grant of performance shares to employees	–	–	–	–	–	–	943	–	943	–	943
At 30 June 2024	58,836	(1,756)	2,480	193,739	(12)	(4,841)	1,039	(5,964)	243,521	11,006	254,527

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	Share-based compensation reserve	Foreign currency translation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2022	58,836	(576)	2,481	184,989	(12)	(4,841)	609	81	241,567	8,545	250,112
Total comprehensive income	–	–	–	6,768	–	–	–	(5,408)	1,360	807	2,167
Dividends on ordinary shares	–	–	–	(8,907)	–	–	–	–	(8,907)	–	(8,907)
Treasury shares reissued pursuant to performance share plan	–	669	–	8	–	–	(677)	–	–	–	–
Dividend paid to non-controlling interest by subsidiaries	–	–	–	–	–	–	–	–	–	(412)	(412)
Purchase of treasury shares	–	(1,169)	–	–	–	–	–	–	(1,169)	–	(1,169)
Liquidation of subsidiary	–	–	(1)	–	–	–	–	–	(1)	–	(1)
Grant of performance shares to employees	–	–	–	–	–	–	668	–	668	–	668
At 30 June 2023	58,836	(1,076)	2,480	182,858	(12)	(4,841)	600	(5,327)	233,518	8,940	242,458



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C. Condensed interim statements of changes in equity (cont'd)

COMPANY	Share Capital	Treasury shares	Retained earnings	Share-based compensation reserve	Fair value reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2023	58,836	(1,076)	127,804	600	(12)	186,152
Total comprehensive income	–	–	(1,770)	–	–	(1,770)
Treasury shares reissued pursuant to performance share plan	–	544	(40)	(504)	–	–
Purchase of treasury shares	–	(1,224)	–	–	–	(1,224)
Dividends on ordinary shares	–	–	(5,075)	–	–	(5,075)
Grant of performance shares to employees	–	–	–	943	–	943
At 30 June 2024	58,836	(1,756)	120,919	1,039	(12)	179,026

COMPANY	Share Capital	Treasury shares	Retained earnings	Share-based compensation reserve	Fair value reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2022	58,836	(576)	124,779	609	(12)	183,636
Total comprehensive income	–	–	11,924	–	–	11,924
Treasury shares reissued pursuant to performance share plan	–	669	8	(677)	–	–
Purchase of treasury shares	–	(1,169)	–	–	–	(1,169)
Dividends on ordinary shares	–	–	(8,907)	–	–	(8,907)
Grant of performance shares to employees	–	–	–	668	–	668
At 30 June 2023	58,836	(1,076)	127,804	600	(12)	186,152



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D. Condensed interim consolidated statement of cash flows

	Group	
	FY 2024 S\$'000	FY 2023 S\$'000
Cash flows from operating activities		
Profit before taxation	25,406	11,435
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	13,465	11,523
Depreciation of investment properties	87	117
Loss/(gain) on disposal of property, plant and equipment, net	79	(254)
Gain on disposal of investment property	–	(277)
Gain on disposal of asset held for sale	(67)	–
Loss on disposal of right-of-use assets	2	–
Loss on de-recognition of leases	2	–
Impairment loss/(write back) on financial assets and contract assets	152	(4,866)
Loss on disposal of investment	185	–
Loss on disposal of subsidiary	–	18
Provision, net	(2,658)	2,522
Unrealised exchange differences	(153)	399
Amortisation of intangible assets	8	8
Amortisation of capitalised contract costs	3,840	982
Depreciation of right-of-use assets	3,834	2,824
Share-based payment expense	943	668
Interest income	(3,131)	(1,834)
Interest expense	2,087	1,576
Operating cash flows before working capital changes	44,081	24,841
Increase in contract assets	(9,501)	(1,257)
Decrease in contract liabilities	(2,114)	(1,776)
Decrease in asset held for sale	832	–
Decrease/(increase) in capitalised contract costs	35	(6,819)
Decrease in inventories	95	455
Decrease/(increase) in trade receivables, other receivables and deposits, and prepayments	30,564	(18,979)
(Decrease)/increase in trade and other payables and accruals	(18,005)	13,703
Cash flows generated from operations	45,987	10,168
Tax paid	(3,950)	(10,823)
Interest paid	(2,447)	(1,013)
Interest received	3,131	1,834
Net cash flows generated from operating activities	42,721	166
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	167	483
Acquisition of intangible assets	(5)	–
Proceed from disposal of available-for-sale quoted investments	233	–
Proceeds from disposal of right-of-use assets	57	–
Proceeds from disposal of investment property	–	943
Purchase of property, plant and equipment	(10,680)	(9,688)
Net cash flows used in investing activities	(10,228)	(8,262)
Cash flows from financing activities		
Proceeds from loans and borrowings	546	2,475
Repayment of loans and borrowings	(3,169)	(9,680)
Dividends paid on ordinary shares	(5,075)	(8,907)
Dividends paid to non-controlling interests	(601)	(411)
Purchase of treasury shares	(1,224)	(1,169)
Payment of principal portion of lease liabilities	(2,601)	(2,305)
Net cash flows used in financing activities	(12,124)	(19,997)
Net increase/(decrease) in cash and cash equivalents	20,369	(28,093)
Effect of exchange rate changes on cash and cash equivalents	92	(3,410)
Cash and cash equivalents at beginning of the year	126,142	157,645
Cash and cash equivalents at end of the year	146,603	126,142



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E. Notes to the condensed interim consolidated financial statements

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. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the Group).

The registered office and principal place of business of the Company is located at 14 International Business Park, Singapore 609922.

The principal activities of the Company are the provision of mechanical engineering and contracting services.

2. Basis of preparation

In accordance with Rule 705(3A), the condensed interim consolidated financial statements for the six months ended 30 June 2024 of the Group and the balance sheet of the Company have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 December 2023.

The condensed interim consolidated 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.

3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, 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. 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.

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

a) *Recognition of contract revenue*

Contract revenue comprises the initial amount of revenue agreed in the contracts, including variation orders. The Group recognises certain contract revenue over time, based on the contract costs incurred to date as a proportion of the estimated total contract costs to be incurred. Significant assumptions are required in determining the total contract costs and the recoverable amount of variation works that affect the completion progress and the amount of revenue recognised. In making these estimates, management has relied on past experience and knowledge of the project managers.



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3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (cont'd)

b) *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The ECLs also incorporate forward-looking information relating to the oil and gas industry.

The assessment of the historical observed default rates and forward-looking information involves significant estimates and judgement. The Group's historical credit loss experience and forward looking information may also not be representative of customer's actual default in the future.

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

5. Segment information

Segmented 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's segmental results for the year ended 30 June 2024 is as follows:

These operating segments are reported in a manner consistent with internal reporting provided to the Executive Directors who are responsible for allocating resources and assessing performance of the operating segments.



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5. Segment information (cont'd)

A) Business Segment

	Project works S\$'000	Plant maintenance and related services S\$'000	Other operations S\$'000	Eliminations S\$'000	Total S\$'000
2H 2024					
Revenue	106,682	97,011	320	–	204,013
Inter-segment sales	10,737	9,054	1,109	(20,900)	–
Total revenue	117,419	106,065	1,429	(20,900)	204,013
Gross profit:					
Segment results	36,785	21,690	74	–	58,549
Unallocated expenses and income, net					(32,170)
Interest income					1,768
Depreciation and amortisation	(6,727)	(914)	(41)	–	(7,682)
Unallocated depreciation and amortisation					(2,300)
Write back on financial assets and contract assets, net	(804)	624	–	–	(180)
Finance expenses					(1,045)
Profit before taxation					16,940
Income tax expense					(5,138)
Profit for the period					11,802
Assets:					
Additions to property, plant and equipment	10,578	1,797	105	–	12,480
2H 2023					
Revenue	129,570	110,232	173	–	239,975
Inter-segment sales	22,527	10,075	1,502	(34,104)	–
Total revenue	152,097	120,307	1,675	(34,104)	239,975
Gross profit:					
Segment results	19,085	22,779	16	–	41,880
Unallocated expenses and income, net					(33,432)
Interest income					964
Depreciation and amortisation	(3,746)	(935)	(45)	–	(4,726)
Unallocated depreciation and amortisation					(2,718)
Write back on financial assets and contract assets, net	4,851	–	–	–	4,851
Finance expenses					(975)
Profit before taxation					5,844
Income tax expense					(1,282)
Profit for the period					4,562
Assets:					
Additions to property, plant and equipment	4,818	511	2,024	–	7,353



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5. Segment information (cont'd)

A) Business Segment (cont'd)

	Project works S\$'000	Plant maintenance and related services S\$'000	Other operations S\$'000	Eliminations S\$'000	Total S\$'000
FY 2024					
Revenue	260,036	230,498	500	–	491,034
Inter-segment sales	25,049	33,224	2,055	(60,328)	–
Total revenue	285,085	263,722	2,555	(60,328)	491,034
Gross profit:					
Segment results	64,718	50,168	108	–	114,994
Unallocated expenses and income, net					(73,086)
Interest income					3,131
Depreciation and amortisation	(10,939)	(1,813)	(81)	–	(12,834)
Unallocated depreciation and amortisation					(4,560)
Impairment losses on financial assets and contract assets, net	(768)	616	–	–	(152)
Finance expenses					(2,087)
Profit before taxation					25,406
Income tax expense					(6,723)
Profit for the year					18,683
Assets:					
Additions to property, plant and equipment	10,578	1,797	105	–	12,480
FY 2023					
Revenue	219,657	210,965	317	–	430,939
Inter-segment sales	33,193	16,135	2,699	(52,027)	–
Total revenue	252,850	227,100	3,016	(52,027)	430,939
Gross profit:					
Segment results	38,221	48,010	38	–	86,269
Unallocated expenses and income, net					(65,486)
Interest income					1,834
Depreciation and amortisation	(7,377)	(1,912)	(107)	–	(9,396)
Unallocated depreciation and amortisation					(5,076)
Write back of impairment losses on financial assets and contract assets	4,851	15	–	–	4,866
Finance expenses					(1,576)
Profit before taxation					11,435
Income tax expense					(3,363)
Profit for the year					8,072
Assets:					
Additions to property, plant and equipment	5,571	1,798	2,319	–	9,688



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5. Segment information (cont'd)

B) Geographical Segment

	Singapore S\$'000	China S\$'000	Middle East S\$'000	South Asia S\$'000	Elimina- tions S\$'000	Total S\$'000
2H 2024						
Revenue	121,602	26,518	31,912	23,981	–	204,013
Inter-segment sales	8,405	–	4,109	8,386	(20,900)	–
Segment Revenue	130,007	26,518	36,021	32,367	(20,900)	204,013
Assets:						
Non-current assets	102,940	8,963	35,059	12,776	(45,650)	114,088
2H 2023						
Revenue	176,654	20,673	11,180	31,468	–	239,975
Inter-segment sales	13,589	–	12,879	7,636	(34,104)	–
Segment Revenue	190,243	20,673	24,059	39,104	(34,104)	239,975
Assets:						
Non-current assets	118,321	9,728	28,910	14,502	(54,359)	117,102
FY 2024						
Revenue	284,266	66,113	60,108	80,547	–	491,034
Inter-segment sales	20,320	–	8,984	31,024	(60,328)	–
Segment Revenue	304,586	66,113	69,092	111,571	(60,328)	491,034
Asset:						
Non-current assets	102,940	8,963	35,059	12,776	(45,650)	114,088
FY 2023						
Revenue	312,517	46,741	20,204	51,477	–	430,939
Inter-segment sales	21,587	–	16,478	13,962	(52,027)	–
Segment Revenue	334,104	46,741	36,682	65,439	(52,027)	430,939
Asset:						
Non-current assets	118,321	9,728	28,910	14,502	(54,359)	117,102



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6. Disaggregation of revenue

	Project works S\$'000	Plant maintenance and related services S\$'000	Other operations S\$'000	Total S\$'000
2H 2024				
Primary geographical markets				
Singapore	68,220	53,072	310	121,602
Middle East	28,314	3,598	–	31,912
China	–	26,518	–	26,518
South Asia	10,148	13,823	10	23,981
	106,682	97,011	320	204,013
Timing of transfer of goods and services				
At a point in time	10,607	93,412	320	104,339
Over time	96,075	3,599	–	99,674
	106,682	97,011	320	204,013
2H 2023				
Primary geographical markets				
Singapore	103,566	72,932	156	176,654
Middle East	9,301	1,879	–	11,180
China	–	20,673	–	20,673
South Asia	16,703	14,748	17	31,468
	129,570	110,232	173	239,975
Timing of transfer of goods and services				
At a point in time	1,237	108,353	173	109,763
Over time	128,333	1,879	–	130,212
	129,570	110,232	173	239,975
FY 2024				
Primary geographical markets				
Singapore	170,559	113,228	479	284,266
Middle East	52,259	7,849	–	60,108
China	–	66,113	–	66,113
South Asia	37,218	43,308	21	80,547
	260,036	230,498	500	491,034
Timing of transfer of goods and services				
At a point in time	17,705	222,650	500	240,855
Over time	242,331	7,848	–	250,179
	260,036	230,498	500	491,034
FY 2023				
Primary geographical markets				
Singapore	176,664	135,565	288	312,517
Middle East	16,726	3,478	–	20,204
China	–	46,741	–	46,741
South Asia	26,267	25,181	29	51,477
	219,657	210,965	317	430,939
Timing of transfer of goods and services				
At a point in time	8,610	207,487	317	216,414
Over time	211,047	3,478	–	214,525
	219,657	210,965	317	430,939



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6. Disaggregation of revenue (cont'd)

A breakdown of sales as follows:

	Group		
	FY2024	FY2023	
	S\$'000	S\$'000	Change %
(a) Sales reported for first half year	287,021	190,964	50%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	6,881	3,510	96%
(c) Sales reported for second half year	204,013	239,975	(15%)
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	11,802	4,562	159%

7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 30 June 2023.

	Group		Company	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Financial Assets				
At fair value through other comprehensive income (FVOCI)				
- Investment securities	1	1	1	1
At amortised costs				
- Trade receivables, other receivables and deposits, loan due from subsidiaries and cash and short-term deposits	222,300	233,010	134,785	133,457
Financial Liabilities				
At amortised costs				
- Trade and other payables, lease liabilities, loans and borrowings	158,414	178,034	69,125	72,861



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8. Profit before taxation

Significant items

	Group		Group	
	2H 2024	2H 2023	FY 2024	FY 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation of right-of-use assets	(2,164)	(1,584)	(3,834)	(2,824)
Amortisation of intangible assets	(4)	(4)	(8)	(8)
Depreciation of property, plant and equipment	(7,770)	(5,809)	(13,465)	(11,523)
Depreciation of investment property	(44)	(47)	(87)	(117)
(Impairment loss)/write back on financial assets and contract assets	(180)	4,851	(152)	4,866
Interest expense	(86)	(67)	(157)	(254)
Interest expense on lease liabilities	(908)	(859)	(1,828)	(1,224)
Interest expense on reinstatement cost	(51)	(49)	(102)	(98)
Exchange gain/(loss), net	1,256	394	1,210	(442)
(Loss)/gain on disposal of property, plant and equipment, net	(42)	270	(79)	254
Gain on disposal of investment property	–	145	–	277
Insurance claim	493	391	850	523
Interest income	1,768	964	3,131	1,834
Sundry income	264	93	708	580

9. Related party transactions

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:

	Group		Group	
	2H 2024	2H 2023	FY 2024	FY 2023
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Related parties:</i>				
Revenue from sale of information systems	1	15	9	23
Revenue from system installation	14	18	30	24

10. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group		Group	
	2H 2024	2H 2023	FY 2024	FY 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Current year tax expense	4,301	488	5,461	2,488
Origination and reversal of deferred tax	102	242	103	242
Withholding tax	735	552	1,159	633
	<u>5,138</u>	<u>1,282</u>	<u>6,723</u>	<u>3,363</u>



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11. Dividends

	Group	
	FY 2024	FY 2023
	S\$'000	S\$'000
Ordinary dividends paid:		
FY2023 Tax exempt one-tier final dividend of 2.0 (FY2022: 3.5) cents	5,075	8,907

12. Net asset value

	Group		Company	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	96.4	92.0	70.8	73.3
No. of shares in computing NAV ('000)	252,684	253,918	252,684	253,918

13. Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

	Group	
	FY 2024	FY 2023
	S\$'000	S\$'000
Financial assets:		
Equity instruments at FVOCI		
- Investment securities (quoted prices in active markets) (Level 1)	1	1

14. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to \$1,783,713 (30 June 2023: \$7,352,883) and net book value for disposed of assets amounting to \$66,370 (30 June 2023: \$94,751).

15. Investment properties

Investment properties 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.

Fair value of the investment properties amounted to \$4,100,000 (2023: \$4,310,000) by reference to comparable market transactions that consider recent sale of similar properties that have been transacted in the open market.



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16. Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 June 2024		As at 30 June 2023	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,704	1,458	4,314	2,708

Amount repayable after one year

As at 30 June 2024		As at 30 June 2023	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
38,558	–	39,455	–

Detail of any collateral

The Group's borrowings include loans and borrowings as well as lease liabilities. Certain of the Group's loans and borrowings were secured over corporate guarantee and certain property, plant and equipment.

17. Share capital

	The Group and the Company			
	30 June 2024		30 June 2023	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Issued and fully paid ordinary shares:				
As at beginning and end of the financial year	255,715	58,836	255,715	58,836

The Company holds 3,030,916 treasury shares as at 30 June 2024. (2023: 1,796,637)

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 30 June 2023.

18. Acquisition of equity interest in associate

Not applicable.

19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



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OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2



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- 20. 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.**

Issued and fully paid ordinary shares:	Number of Shares	
	As at 30 June 2024	As at 30 June 2023
As at beginning of year	253,918,126	254,643,826
Purchase of treasury shares	(2,142,000)	(1,946,200)
Reissued of treasury shares	907,721	1,220,500
As at end of year	<u>252,683,847</u>	<u>253,918,126</u>

- 21. To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.**

	As at 30 June 2024	As at 30 June 2023
Total number of issued shares excluding treasury shares	<u>252,683,847</u>	<u>253,918,126</u>

- 22. 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 30 June 2024	As at 30 June 2023
As at beginning of year	1,796,637	1,070,937
Purchase of treasury share	2,142,000	1,946,200
Reissued of treasury shares	(907,721)	(1,220,500)
As at end of year	<u>3,030,916</u>	<u>1,796,637</u>

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

The condensed consolidated statement of financial position of PEC Ltd and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.



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25. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

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

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards that are effective for annual financial periods beginning on or after 1 July 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

27. 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.

28. 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	
	2H 2024	2H 2023	FY 2024	FY 2023
Weighted average number of ordinary shares for basic earnings per share computation ('000)	253,536	254,819	253,536	254,819
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	256,502	256,650	256,502	256,650
Earnings per share (cents per share)				
- Basic	4.3	1.5	6.3	2.7
- Diluted	4.2	1.5	6.2	2.6



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29. Review of performance of the Group

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 for FY2024

Revenue

The Group's revenue increased by S\$60.1 million from S\$430.9 million in FY2023 to S\$491.0 million in FY2024. This was mainly due to an increase in project and maintenance works from overseas.

Cost of sales

The Group's cost of sales increased by S\$31.3 million from S\$344.7 million in FY2023 to S\$376.0 million in FY2024. The increase was mainly due to an increase in labour, subcontractors and other direct costs, the increase was offset by a decrease in materials cost.

Gross profit and gross profit margin

The Group's gross profit increased by S\$28.7 million from S\$86.3 million in FY2023 to S\$115.0 million in FY2024. The Group's profit margin increased from 20% in FY2023 to 23% in FY2024.

The increase in Group's gross profit was mainly due to contribution from project works and the increase in Group's profit margin was mainly attributable to project settlements in FY2024.

Other operating income

Other operating income increased by S\$2.3 million from S\$4.0 million in FY2023 to S\$6.3 million in FY2024. This was mainly due to an increase in interest income, insurance claims, gains in forex and sundry income. The increase was partially offset by FY2023's gain on disposal of assets.

Administrative expenses

Administrative expenses increased by S\$5.9 million from S\$30.0 million in FY2023 to S\$35.9 million in FY2024. This was mainly due to increase in salaries remuneration, provision for bonus incentives and general administrative expenses.

Impairment losses on financial assets and contract assets

The Group's impairment loss on financial assets and contracts assets was S\$0.2 million in FY2024 as compared to a write back of S\$4.9 million in FY2023. This was mainly due to net provision of expected credit loss following the assessment on overdue receivables in FY2024.



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29. Review of performance of the Group (cont'd)

Other operating expenses

Other operating expenses increased by S\$5.6 million from S\$52.1 million in FY2023 to S\$57.7 million in FY2024. This was mainly due to an increase in other direct operating costs such as workers accommodation, depreciation of property, plant and equipment, amortization of right-of-use assets, freight forwarding expenses, insurance and medical expenses. This was partially offset by a decrease in forex loss, depreciation of investment property and personal protective equipment expenses.

Finance expenses

Finance expenses increased by S\$0.5 million from S\$1.6 million in FY2023 to S\$2.1 million in FY2024. This was mainly due to increase in interest expense on lease liabilities. The increase was partially offset by a decrease in interest expenses on loans and factoring.

Taxation

The Group's effective tax rate decreased from 29.4% in FY2023 to 26.5% in FY2024. The decrease was mainly due to tax refund from excess tax assessment and reversal of over-provision in previous financial year.



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29. Review of performance of the Group (cont'd)

Balance Sheet Review

The Group's non-current assets decreased by S\$3.1 million from S\$120.1 million in FY2023 to S\$117.0 million in FY2024. This was mainly due to a decrease in prepayments, right-of-use assets, property, plant and equipment.

The Group's current assets decreased by S\$6.1 million from S\$290.7 million in FY2023 to S\$284.6 million in FY2024. This was mainly due to a decrease in trade receivables, other receivables and deposits, capitalised contract costs and inventories. The decrease was partially offset by an increase in contract assets, cash and short-term deposits.

The Group's current liabilities decreased by S\$22.3 million from S\$125.7 million in FY2023 to S\$103.4 million in FY2024. This was mainly due to a decrease in contract liabilities, trade payables, provisions, loans and borrowings. The decrease was partially offset by an increase in lease liabilities, income tax payable, other payables and accruals.

The Group's non-current liabilities increased by S\$1.0 million from S\$42.7 million in FY2023 to S\$43.7 million in FY2024. This was mainly due to an increase in provisions and deferred tax liabilities. The increase was partially offset by a decrease in lease liabilities, loans and borrowings.

Cash Flow Review

Net cash generated from operating activities for the Group in FY2024 was S\$42.7 million.

The Group had used S\$10.2 million in investing activities in FY2024. This was mainly attributable to investment in fabrication facility, purchase of construction equipment, motor vehicles and office equipment to support the business operation. The amount was partially offset by proceeds from disposal of assets and quoted investments.

The Group had used S\$12.1 million in financing activities in FY2024 which was mainly due to the net repayment of borrowings, dividend payment to shareholders, purchase of treasury shares and payment of lease liabilities.

As a result of the above, there was an increase in cash and cash equivalents of S\$20.4 million to S\$146.6 million in FY2024.



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

Not Applicable.

31. 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.

Geopolitical and macroeconomic uncertainties are expected to continue to present operating challenges, including margin pressures.

The increased focus on clean energy and sustainability are expected to impact Singapore's traditional role as a refining and petrochemical hub with diminishing pipeline of projects in the near term, leading to intense competition. A shortage of engineers and regulations on foreign manpower in Singapore, specifically strict quotas and higher levy, will be a continuing pressure.

The Middle East is a growing market, with strategic investments in both conventional and alternative energy sources potentially translating into sustained demand for engineering, procurement and construction (EPC) services and modular projects.

The Group will continue to invest in its workforce and improve its cost and operating efficiency. We will also continue to deploy digitalisation solutions, enhance our capabilities and build up our track record in the modular and clean energy businesses.

As at 30 June 2024, the Group's order book stood at S\$52.5 million, excluding maintenance contracts. The Group is actively bidding for projects and maintenance works in the Middle East and the region.

32. 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:

	FY2024
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents per share
Special Dividend	1.5 cents per share
Tax rate	One-Tier

- (b) Corresponding Period of the Immediate Preceding Financial Year

	FY2023
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents per share
Special Dividend	NIL
Tax rate	One-Tier

- (c) The date the dividend is payable

Not applicable.

- (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.

Not applicable.



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

Not applicable.

34. Interested person transaction

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

35. Relating to an announcement of interim financial statements (quarterly or half-yearly), confirmation from directors under Rule 705(5)

Not applicable.

36. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST.

37. Disclosure on Acquisitions and Realisations Pursuant to Rule 706A

During the half year ended 30 June 2024:

a) There was neither acquisition nor sale of:

- (i) shares resulting in a company becoming or ceasing to be a subsidiary or an associated company of the Company.
- (ii) shares resulting in the Company increasing or reducing its shareholding percentage in a subsidiary or an associated company.



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38. Disclosure of persons occupying managerial position in the issuer 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	59	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) Director of PEC Construction Equipment Leasing Company (Huizhou) Ltd since 2005. (iii) Director of Huizhou Tianxin Petrochemical Engineering Co., Ltd since 2005.	None

BY ORDER OF THE BOARD

Edna Ko Poh Thim
Executive Chairman
28th August 2024