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

REPLY TO SGX QUERY ON THE FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2017 ('Results Announcement')

In response to queries by the SGX in its notification on 13 November 2017, the Board of Directors of the Company would like to provide the following explanations in relation to the Results Announcement:-

SGX's Query:

Other operating expenses increased by 13% or S$1.3 million to S$11.6 million in Q1FY2018 despite a decrease of 2% in revenue. The Company explained that the increase in other operating expenses were due mainly to the loss on currency exchange of S$0.5 million in Q1FY2018 as compared to a gain on currency exchange of S$1.8 million in Q1FY2017. This aggregate increase of S$2.3 million was partially offset by a decrease in provision of legal and settlement fee of S$1.6 million. Please provide the explanation for the remaining increase in the other operating expenses of S$0.7 million.

Company's response:

Largely as a result of the increased maintenance activities, there was an increase of S$0.7 million in operating expenses for workforce related expenses such as workers accommodation, medical expenses, employee welfare and insurance.

Submitted by Edna Ko Poh Thim, Executive Chairman on 15 November 2017 to the Singapore Exchange Securities Trading Limited.