



PEC LTD.

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

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 30 September 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 period ended 30 September 2019 (Q1 2020):

	Q1 2020	Group Q1 2019	Change
	S\$'000	S\$'000	%
Revenue	147,144	93,419	58%
Cost of sales	(123,464)	(72,608)	70%
Gross profit	23,680	20,811	14%
Gross profit margin	16%	22%	
Other operating income	964	774	25%
Administrative expenses	(8,073)	(6,581)	23%
Other operating expenses	(12,188)	(13,008)	(6%)
Finance expenses	(229)	(60)	282%
Share of results of associate	88	89	(1%)
Profit before taxation	4,242	2,025	109%
Income tax expense	(911)	(312)	192%
Profit after taxation	3,331	1,713	94%
Attributable to:			
Equity holders of the Company	3,136	1,445	117%
Non-controlling interests	195	268	(27%)
	3,331	1,713	94%
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	802	(1,458)	NM
Total other comprehensive income for the year, net of tax	802	(1,458)	NM
Total comprehensive income for the year	4,133	255	1521%
Total comprehensive income attributable to:			
Owners of the Company	4,001	282	1319%
Non-controlling interests	132	(27)	NM
	4,133	255	1521%

Denotes: NM – not meaningful



PEC LTD.

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

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

	Group	
	Q1 2020	Q1 2019
	S\$'000	S\$'000
Amortisation of right-of-use asset	(337)	(6)
Amortisation of intangible assets	(5)	(32)
Depreciation of property, plant and equipment	(2,933)	(2,886)
Depreciation of investment property	(39)	(41)
Share-based compensation expenses	—	(32)
Impairment of trade receivables, net	—	(385)
Interest expense	(158)	(60)
Interest expense on lease liabilities	(71)	—
Exchange gain, net	159	150
Gain on disposal of property, plant and equipment, net	242	30
Gain on disposal of investment property	—	89
Gain on disposal of intangible asset	—	104
Insurance claim	110	95
Interest income	237	202
Sundry income	253	82



PEC LTD.

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

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 Sep 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	84,049	84,637	35,827	36,511
Investment property	5,921	5,943	—	—
Investment securities	3	4	3	4
Investment in subsidiaries	—	—	54,305	54,093
Investment in an associate	5,032	4,945	354	354
Intangible assets	1,640	1,645	78	83
Right-of-use asset	10,067	593	6,175	—
Prepayments	982	1,077	—	—
Deferred tax assets	2,225	2,291	282	282
Trade receivables	918	1,014	—	—
	110,837	102,149	97,024	91,327
Current assets				
Contract assets	31,885	23,518	8,258	15,824
Accrued income	41,406	59,598	31,549	47,041
Inventories	323	321	—	—
Trade receivables	126,626	111,192	65,392	63,579
Other receivables and deposits	8,834	5,737	8,607	7,807
Prepayments	4,135	3,437	2,038	1,102
Capitalised contract costs	30,036	35,140	—	700
Amounts due from subsidiaries	—	—	6,525	5,536
Cash and short-term deposits	107,360	94,245	64,765	36,565
	350,605	333,188	187,134	178,154
Total Assets	461,442	435,337	284,158	269,481
EQUITY AND LIABILITIES				
Current liabilities				
Contract liabilities	55,059	57,797	12,990	11,650
Trade payables	28,888	27,439	29,445	30,339
Other payables and accruals	95,889	82,866	44,112	35,561
Provisions	4,182	3,950	2,518	2,536
Loans and borrowings	12,765	12,181	10,000	10,000
Lease liabilities	1,416	—	667	—
Income tax payable	2,141	1,604	646	1,087
	200,340	185,837	100,378	91,173
Net current assets	150,265	147,351	86,756	86,981
Non-current liabilities				
Provisions	1,238	1,238	1,238	1,238
Loans and borrowings	6,586	6,770	—	—
Lease liabilities	9,282	—	6,798	—
Deferred tax liabilities	336	525	—	—
	17,442	8,533	8,036	1,238
Total Liabilities	217,782	194,370	108,414	92,411
Net assets	243,660	240,967	175,744	177,070
Equity attributable to owners of the Company				
Share capital	58,836	58,836	58,836	58,836
Treasury shares	(445)	(445)	(445)	(445)
Statutory reserve	2,481	2,481	—	—
Fair value reserve	(14)	(14)	(14)	(14)
Retained earnings	175,772	174,012	117,367	118,693
Premium paid on acquisition of non-controlling interests	(2,189)	(2,189)	—	—
Foreign currency translation reserve	(340)	(1,205)	—	—
	234,101	231,476	175,744	177,070
Non-controlling interests	9,559	9,491	—	—
Total Equity	243,660	240,967	175,744	177,070
Total equity and liabilities	461,442	435,337	284,158	269,481



PEC LTD.

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

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 Sep 2019		As at 30 Jun 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,765	11,416	2,181	10,000

Amount repayable after one year

As at 30 Sep 2019		As at 30 Jun 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
6,586	9,282	6,770	—

Detail of any collateral

The Group's borrowings include loans and borrowings as well as lease liabilities. The Group adopted Singapore Financial Reporting Standards (International) ("SFRS(I)" 16) Leases on 1 July 2019 which resulted in the recognition of lease liabilities amounting to \$10.7 million as at 30 September 2019. Certain of the Group's loans and borrowings were secured over corporate guarantee and certain property, plant and equipment and deposits.



PEC LTD.

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

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	
	Q1 2020	Q1 2019
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before taxation	4,242	2,025
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	2,933	2,886
Depreciation of investment property	39	41
Gain on disposal of property, plant and equipment, net	(242)	(30)
Gain on disposal of investment property	–	(89)
Gain on disposal of intangible asset	–	(104)
Share-based compensation expenses	–	32
Impairment losses on financial assets	–	385
Provision, net	216	301
Foreign exchange differences	(644)	(76)
Amortisation of right-of-use asset	337	6
Amortisation of intangible assets	5	32
Amortisation of capitalised contracts cost	5,214	–
Share of results of associate	(88)	(89)
Interest income	(237)	(202)
Interest expense on lease liabilities	71	–
Interest expense	158	60
Operating cash flows before working capital changes	12,004	5,178
Increase in contract assets net contract liabilities	(9,193)	(5,902)
Decrease/(increase) in accrued income	18,082	(5,719)
Increase in capitalised contract costs	(84)	–
Increase in inventories	(3)	(38)
(Increase)/decrease in trade receivables, other receivables and deposits, and prepayments	(17,833)	2,598
Decrease in progress billings in excess of costs	(2,739)	–
Increase in trade and other payables and accruals	14,410	11,407
Cash flows generated from operations	14,644	7,524
Tax paid	(688)	(710)
Interest paid	(158)	(60)
Interest received	237	202
Net cash flows generated from operating activities	14,035	6,956
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	291	53
Proceeds from disposal of investment property	–	471
Proceeds from disposal of intangible asset	–	121
Acquisition of intangible assets	–	(79)
Purchase of property, plant and equipment	(2,121)	(3,691)
Net cash flows used in investing activities	(1,830)	(3,125)
Cash flows from financing activities		
Repayment of borrowings	(182)	(405)
Purchase of treasury shares	–	(220)
Proceeds from borrowings	806	–
Repayment of lease liabilities	(340)	–
Net cash flows generated from/(used in) financing activities	284	(625)
Net increase in cash and cash equivalents	12,489	3,206
Effect of exchange rate changes on cash and cash equivalents	849	(587)
Cash and cash equivalents at beginning of the period	93,370	86,733
Cash and cash equivalents at end of the period	106,708	89,352



PEC LTD.

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

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	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
At 1 July 2019	58,836	(445)	2,481	174,012	(14)	(2,189)	(1,205)	231,476	9,491	240,967
Effect of adoption of SFRS(I)16	–	–	–	(1,376)	–	–	–	(1,376)	(64)	(1,440)
At 1 July 2019	58,836	(445)	2,481	172,636	(14)	(2,189)	(1,205)	230,100	9,427	239,527
Total comprehensive income	–	–	–	3,136	–	–	865	4,001	132	4,133
At 30 September 2019	58,836	(445)	2,481	175,772	(14)	(2,189)	(340)	234,101	9,559	243,660

GROUP

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 2018 (FRS framework)	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	–	–	–	–
Effect of adoption of SFRS(I)9	–	–	–	(380)	–	–	–	–	(380)	–	(380)
At 1 July 2018 (SFRS(I) framework)	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



PEC LTD.

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

<u>COMPANY</u>	Share Capital	Treasury shares	Retained earnings	Fair value reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2019	58,836	(445)	118,693	(14)	177,070
Effect of adoption of SFRS(I)16	–	–	(1,299)	–	(1,299)
At 1 July 2019	58,836	(445)	117,394	(14)	175,771
Total comprehensive income	–	–	(27)	–	(27)
At 30 September 2019	58,836	(445)	117,367	(14)	175,744

<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
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



PEC LTD.

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

- 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	
	As at 30 Sep 2019	As at 30 Sep 2018
Issued and fully paid ordinary shares:		
As at beginning of period	254,965,226	255,514,739
Purchase of treasury shares	—	(372,300)
As at end of period	<u>254,965,226</u>	<u>255,142,439</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.**

	As at 30 Sep 2019	As at 30 June 2019
Total number of issued shares excluding treasury shares	<u>254,965,226</u>	<u>254,965,226</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.**

	Number of Shares	
	As at 30 Sep 2019	As at 30 Sep 2018
Treasury shares:		
As at beginning of period	749,537	200,024
Purchase of treasury shares	—	372,300
As at end of period	<u>749,537</u>	<u>572,324</u>

- 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.



PEC LTD.

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

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 2019.

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.

The Group applied SFRS(I) 16 "Leases" on 1 July 2019, which is effective for financial periods beginning on or after 1 January 2019. The standard requires a lessee to recognise a "right-of-use asset" representing its rights to use the underlying asset during the lease term and a "lease liability" representing its obligation to make lease payments in the statement of financial position. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset in the income statement.

The Group has adopted SFRS(I) 16 using the modified retrospective approach, with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings as at the date of initial application on 1 July 2019, with no restatement of comparative information. The Group also applied the practical expedients to (a) not reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously classified as leases; (b) to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease terms ends within 12 months as of 1 July 2019 and (c) to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

As at 1 July 2019, the adoption of SFRS(I) 16 resulted in the following key effects at the Group and Company:-

	Group	Company
	S\$'000	S\$'000
Assets		
Right-of-use asset	8,986	6,345
Liabilities		
Lease liabilities	(10,426)	(7,644)
Equity		
Retained earnings	(1,376)	(1,299)
Non-controlling interests	(64)	—



PEC LTD.

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

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	
	Q1 2020	Q1 2019
Weighted average number of ordinary shares for basic earnings per share computation ('000)	254,736	254,980
Effect of dilution		
-Performance share plan ('000)	–	1,141
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	254,736	256,121
Earnings per share (cents per share)		
- Basic	1.2	0.6
- Diluted	1.2	0.6

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 Sep 2019	30 Jun 2019	30 Sep 2019	30 Jun 2019
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	91.8	90.8	68.9	69.4
No. of shares in computing NAV ('000)	254,965	254,965	254,965	254,965



PEC LTD.

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

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 Q1FY2020

Revenue

The Group's revenue increased by S\$53.7 million from S\$93.4 million in Q1FY2019 to S\$147.1 million in Q1FY2020. This was mainly due to an increase in revenue from project works in Q1FY2020.

Cost of sales

As revenue increase, the Group's cost of sales increased by S\$50.9 million from S\$72.6 million in Q1FY2019 to S\$123.5 million in Q1FY2020, the increase was mainly due to increase in subcontractors and materials costs.

Gross profit and gross profit margin

The Group's gross profit increased by S\$2.9 million from S\$20.8 million in Q1FY2019 to S\$23.7 million in Q1FY2020. This was mainly due to an increase in profit contribution from project works arising from revenue increase.

The decrease in Group's profit margin from 22% in Q1FY2019 to 16% in Q1FY2020 was mainly attributable to lower margin from project works resulting from competitive environment.

Other operating income

Other operating income increased by S\$0.2 million from S\$0.8 million in Q1FY2019 to S\$1.0 million in Q1FY2020. This was mainly due to an increase in gain on disposal of property, plant and equipment, interest income, and sundry income, the increase was partially offset by a decrease in gain on disposal of investment property and intangibles assets

Administrative Expenses

Administrative expenses increased by S\$1.5 million from S\$ 6.6 million in Q1FY2019 to S\$8.1 million in Q1FY2020. This was mainly due to increase in salaries remuneration and general administrative expenses.

Other operating expenses

Other operating expenses decreased by S\$0.8 million from S\$13.0 million in Q1FY2019 to S\$12.2 million in Q1FY2020. The decrease was mainly due to decrease in workers accommodation, allowance for doubtful debts, transport expenses, personal protective equipment and rental of premises. The decrease was partially offset by an increase in insurance, freight forwarding expenses and amortisation of right-of-use assets.



PEC LTD.

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

Finance expenses

Finance expenses increased by S\$0.1 million from S\$0.1 million in Q1FY2019 to S\$0.2 million in Q1FY2020. The increase was mainly due to increase in interest from loans and borrowings and interest expense on lease liabilities.

Taxation

The Group effective tax rate increased from 15.4% in Q1FY2019 to 21.5% in Q1FY2020. This was mainly due to certain loss-making entities within the Group upon consolidation, reduced the overall profitability of the Group, and therefore increased the effective tax rate in Q1FY2020. The lower effective rate in Q1FY2019 was mainly due to recognition of deferred tax assets.

Balance Sheet Review

The Group's non-current assets increased by S\$8.7 million to S\$110.8 million in Q1FY2020. This was mainly due to adoption of SFRS(I) 16 "Leases", effective on 1 July 2019, which requires a lessee to recognise a "right-of-use asset" representing its rights to use the underlying asset during the lease term. The increase is partially offset by a decrease in property, plant and equipment, prepayments and trade receivables.

The Group's current assets increased by S\$17.4 million to S\$350.6 million in Q1FY2020. This was mainly due to increase in contract assets, trade receivables, other receivables and deposits, prepayments, cash and short-term deposits. The increase was partially offset by a decrease in accrued income and capitalised contract costs.

Of the S\$126.6 million trade receivables as at 30 September 2019, approximately S\$70.1 million relates to past due receivables. As at 12 November 2019, the Group has collected S\$10.6 million out of the S\$70.1 million subsequent to 30 September 2019 and collections are continuing.

The Group's current liabilities increased by S\$14.5 million to S\$200.3 million in Q1FY2020. This was mainly due to increase in trade payables, other payables and accruals, provisions, lease liabilities and income tax payable. The increase was partially offset by a decrease in contract liabilities.

The Group's non-current liabilities increased by S\$8.9 million to S\$17.4 million in Q1FY2020. This was mainly due to adoption of SFRS(I) 16 "Leases", effective on 1 July 2019, which requires a lessee to recognise a "lease liability" representing its obligation to make lease payments. The increase was partially offset by a decrease in loans and borrowings and deferred tax liabilities.

Cash Flow Review

Net cash generated from operating activities for the Group in Q1FY2020 was S\$14.0 million.

The Group used S\$1.8 million in investing activities in Q1FY2020, this was mainly due to purchase of construction equipment, motor vehicles and office equipment to support the business operation. This was partly offset by proceeds from disposal of property, plant and equipment.

The Group generated S\$0.3 million in financing activities in Q1FY2020 which was mainly due to bank borrowings net off repayment of borrowings and lease liabilities.

As a result of the above, there was an increase in cash and cash equivalents of S\$12.5 million to S\$106.7 million in Q1FY2020.



PEC LTD.

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

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.**

The medium-term outlook for the process industry is challenging as world trade growth weakens and demand for petrochemicals slows down. Nevertheless, the pipeline of projects and plant upgrades is expected to provide some buoyancy to the industry. PEC is well-positioned for opportunities arising from this upturn in our key Asia and Middle East markets.

Over the next 12 months, the Group will focus on executing and delivering well on the projects and maintenance work we have secured, as well as remain prudent in bidding for new contracts.

The orderbook stood at S\$410.6 million as at 30 September 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

No interim dividend has been declared/recommended.

- (b) Previous corresponding period (cents)

NIL.

- (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.

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.



PEC LTD.

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

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 first quarter financial results to be false or misleading in any material aspects.

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).

BY ORDER OF THE BOARD

Edna Ko Poh Thim
Executive Chairman

12th November 2019