



# PEC LTD.

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

## SECOND QUARTER AND FIRST HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2016

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 31 December 2016.

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

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

Results for second quarter ("Q2") and first half year ("1H") ended 31 December 2016:

	Group			Group		
	Q2 2017	Q2 2016	Change	1H 2017	1H 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Revenue</b>	118,613	152,424	(22%)	201,400	314,692	(36%)
Cost of sales	(97,891)	(131,326)	(25%)	(163,780)	(268,080)	(39%)
<b>Gross profit</b>	<b>20,722</b>	<b>21,098</b>	<b>(2%)</b>	<b>37,620</b>	<b>46,612</b>	<b>(19%)</b>
Gross profit margin	17%	14%		19%	15%	
Other operating income	1,058	11,626	(91%)	1,773	12,341	(86%)
Administrative expenses	(8,409)	(8,382)	0%	(15,059)	(15,709)	(4%)
Other operating expenses	(7,596)	(15,573)	(51%)	(17,873)	(29,932)	(40%)
Finance expenses	(199)	(243)	(18%)	(348)	(520)	(33%)
Share of results of associate	92	18	411%	227	42	440%
<b>Profit before taxation</b>	<b>5,668</b>	<b>8,544</b>	<b>(34%)</b>	<b>6,340</b>	<b>12,834</b>	<b>(51%)</b>
Income tax expense	(604)	(1,265)	(52%)	(742)	(2,087)	(64%)
<b>Profit after taxation</b>	<b>5,064</b>	<b>7,279</b>	<b>(30%)</b>	<b>5,598</b>	<b>10,747</b>	<b>(48%)</b>
<b>Attributable to:</b>						
Equity holders of the Company	4,238	4,506	(6%)	5,568	7,550	(26%)
Non-controlling interests	826	2,773	(70%)	30	3,197	(99%)
	<b>5,064</b>	<b>7,279</b>	<b>(30%)</b>	<b>5,598</b>	<b>10,747</b>	<b>(48%)</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Net change in fair value reserve	-	(11)	(100%)	(6)	(13)	(54%)
Net effect of exchange differences	1,366	(936)	NM	501	(21)	NM
<b>Total other comprehensive income for the year, net of tax</b>	<b>1,366</b>	<b>(947)</b>	<b>NM</b>	<b>495</b>	<b>(34)</b>	<b>NM</b>
<b>Total comprehensive income for the year</b>	<b>6,430</b>	<b>6,332</b>	<b>2%</b>	<b>6,093</b>	<b>10,713</b>	<b>(43%)</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	5,503	3,750	47%	5,942	7,756	(23%)
Non-controlling interests	927	2,582	(64%)	151	2,957	(95%)
	<b>6,430</b>	<b>6,332</b>	<b>2%</b>	<b>6,093</b>	<b>10,713</b>	<b>(43%)</b>

Denotes: NM – not meaningful



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

	Group		Group	
	Q2 2017	Q2 2016	1H 2017	1H 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Amortisation of land use rights	(6)	(6)	(12)	(12)
Amortisation of intangible assets	(36)	(38)	(73)	(75)
Depreciation of property, plant and equipment	(4,485)	(3,946)	(7,726)	(7,415)
Depreciation of investment property	(46)	(46)	(92)	(93)
Share-based compensation expenses	(222)	-	(437)	-
Write-back/(allowance) of trade receivables, net	151	(698)	162	(2,317)
Impairment of accrued income	-	(121)	-	(701)
Interest expense	(70)	(151)	(186)	(353)
Exchange gain/(loss), net	4,256	(468)	6,102	571
(Loss)/gain on disposal of property, plant and equipment, net	(58)	4,080	(30)	4,056
Gain on disposal of asset held for sale	-	5,907	-	6,015
Interest income	337	424	642	562
Sundry income	142	132	288	512



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

	Group		Company	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	89,157	94,052	45,462	48,117
Investment property	7,473	7,639	–	–
Investment securities	11	18	11	18
Investment in subsidiaries	–	–	30,397	31,759
Investment in an associate	4,605	4,806	354	354
Intangible assets	1,908	1,981	118	134
Land use rights	689	684	–	–
Deferred tax assets	1,314	1,323	935	935
Amounts due from a subsidiary	–	–	11,896	11,896
	<u>105,157</u>	<u>110,503</u>	<u>89,173</u>	<u>93,213</u>
<b>Current assets</b>				
Contracts-in-progress (net of progress billings)	12,052	17,075	10,607	10,979
Accrued income	17,016	20,173	9,093	12,318
Inventories	636	621	–	–
Trade receivables	76,611	87,439	40,825	53,209
Other receivables and deposits	10,958	9,485	2,555	4,476
Prepayments	4,906	4,162	1,035	1,048
Amounts due from subsidiaries	–	–	3,700	7,952
Dividend receivable	–	–	–	4,164
Bank deposits pledged	35	51	–	–
Cash and short term deposits	161,016	150,562	73,954	42,888
	<u>283,230</u>	<u>289,568</u>	<u>141,769</u>	<u>137,034</u>
<b>Total Assets</b>	<b><u>388,387</u></b>	<b><u>400,071</u></b>	<b><u>230,942</u></b>	<b><u>230,247</u></b>
<b>EQUITIES AND LIABILITIES</b>				
<b>Current liabilities</b>				
Progress billings in excess of costs	26,629	45,169	2,477	1,474
Trade payables	31,493	31,139	16,834	15,505
Other payables and accruals	77,920	65,064	38,024	33,630
Provisions	2,695	2,624	1,742	1,594
Loans and borrowings	3,906	8,653	26	25
Income tax payable	3,275	3,504	107	107
	<u>145,918</u>	<u>156,153</u>	<u>59,210</u>	<u>52,335</u>
<b>Net current assets</b>	<b><u>137,312</u></b>	<b><u>133,415</u></b>	<b><u>82,559</u></b>	<b><u>84,699</u></b>
<b>Non-current liabilities</b>				
Provisions	1,363	1,363	1,238	1,238
Loans and borrowings	9,107	9,492	53	66
Deferred tax liabilities	756	756	–	–
	<u>11,226</u>	<u>11,611</u>	<u>1,291</u>	<u>1,304</u>
<b>Total Liabilities</b>	<b><u>157,144</u></b>	<b><u>167,764</u></b>	<b><u>60,501</u></b>	<b><u>53,639</u></b>
<b>Net assets</b>	<b><u>231,243</u></b>	<b><u>232,307</u></b>	<b><u>170,441</u></b>	<b><u>176,608</u></b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	58,481	58,481	58,481	58,481
Treasury shares	(822)	(822)	(822)	(822)
Statutory reserve	1,085	1,085	–	–
Fair value reserve	(6)	–	(6)	–
Retained earnings	161,394	163,420	112,050	118,648
Premium paid on acquisition of non-controlling interests	(2,189)	(2,189)	–	–
Foreign currency translation reserve	(504)	(884)	–	–
Share based payment reserve	738	301	738	301
	<u>218,177</u>	<u>219,392</u>	<u>170,441</u>	<u>176,608</u>
Non-controlling interests	13,066	12,915	–	–
<b>Total Equity</b>	<b><u>231,243</u></b>	<b><u>232,307</u></b>	<b><u>170,441</u></b>	<b><u>176,608</u></b>
<b>Total equity and liabilities</b>	<b><u>388,387</u></b>	<b><u>400,071</u></b>	<b><u>230,942</u></b>	<b><u>230,247</u></b>



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

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

As at 31 Dec 2016		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,906	–	8,653	–

#### Amount repayable after one year

As at 31 Dec 2016		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
9,107	–	9,492	–

#### Detail of any collateral

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



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

	Group	
	1H 2017	1H 2016
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	6,340	12,834
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	7,726	7,415
Depreciation of investment property	92	93
Loss/(gain) on disposal of property, plant and equipment, net	30	(4,056)
Gain on disposal of asset held for sale	–	(6,015)
Loss on disposal of subsidiary	10	–
Share-based compensation expenses	437	–
(Write-back)/allowance of trade receivables, net	(162)	2,317
Impairment of accrued income	–	701
Provision, net	20	547
Foreign exchange differences	(5,172)	272
Amortisation of land use rights	12	12
Amortisation of intangible assets	73	75
Share of results of associate	(227)	(42)
Interest income	(642)	(562)
Interest expense	186	353
<b>Operating cash flows before working capital changes</b>	<b>8,723</b>	<b>13,944</b>
(Increase)/decrease in contracts-in-progress	(12,151)	44,199
Decrease/(increase) in accrued income	3,309	(3,695)
Increase in inventories	(13)	(62)
Decrease/(increase) in trade and other receivables, and prepayments	11,147	(9,353)
Increase/(decrease) in trade and other payables and accruals, and provision	8,585	(17,992)
<b>Cash flows generated from operations</b>	<b>19,600</b>	<b>27,041</b>
Tax paid	(843)	(1,284)
Interest paid	(186)	(353)
Interest received	642	562
<b>Net cash flows generated from operating activities</b>	<b>19,213</b>	<b>25,966</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	84	5,218
Proceeds from disposal of asset held for sale	–	8,097
Proceeds from disposal of a subsidiary	22	–
Dividend income from associate	428	245
Purchase of property, plant and equipment	(2,385)	(4,756)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(1,851)</b>	<b>8,804</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(2,427)	(9,421)
Proceeds from borrowings	–	22
Purchase of treasury shares	–	(542)
Net cash outflow on acquisition of non-controlling interest	–	(1,406)
Changes in bank deposits pledged	15	–
Dividends paid to non-controlling interests	(573)	–
Dividends paid on ordinary shares	(7,594)	(2,543)
<b>Net cash flows used in financing activities</b>	<b>(10,579)</b>	<b>(13,890)</b>
<b>Net increase in cash and cash equivalents</b>	<b>6,783</b>	<b>20,880</b>
Effect of exchange rate changes on cash and cash equivalents	3,662	(254)
Cash and cash equivalents at beginning of the period	150,562	113,007
<b>Cash and cash equivalents at end of the period</b>	<b>161,007</b>	<b>133,633</b>



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

## GROUP

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

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



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## GROUP

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

	Share Capital	Treasury shares	Statutory Reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non-controlling interests	Foreign currency translation reserve	Share-based compensation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2015</b>	<b>58,481</b>	<b>–</b>	<b>1,085</b>	<b>147,218</b>	<b>17</b>	<b>(2,764)</b>	<b>991</b>	<b>–</b>	<b>205,028</b>	<b>13,334</b>	<b>218,362</b>
Total comprehensive income	–	–	–	3,044	(2)	–	964	–	4,006	375	4,381
Additional investment by non-controlling interest	–	–	–	–	–	–	–	–	–	672	672
Purchase of treasury shares	–	(374)	–	–	–	–	–	–	(374)	–	(374)
<b>At 30 September 2015</b>	<b>58,481</b>	<b>(374)</b>	<b>1,085</b>	<b>150,262</b>	<b>15</b>	<b>(2,764)</b>	<b>1,955</b>	<b>–</b>	<b>208,660</b>	<b>14,381</b>	<b>223,041</b>
Total comprehensive income	–	–	–	4,506	(11)	–	(745)	–	3,750	2,582	6,332
Acquisition of non-controlling interest	–	–	–	–	–	575	–	–	575	(1,982)	(1,407)
Purchase of treasury shares	–	(168)	–	–	–	–	–	–	(168)	–	(168)
Dividends on ordinary shares	–	–	–	(2,543)	–	–	–	–	(2,543)	–	(2,543)
<b>At 31 December 2015</b>	<b>58,481</b>	<b>(542)</b>	<b>1,085</b>	<b>152,225</b>	<b>4</b>	<b>(2,189)</b>	<b>1,210</b>	<b>–</b>	<b>210,274</b>	<b>14,981</b>	<b>225,255</b>



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

<u>COMPANY</u>	Share Capital	Treasury shares	Retained earnings	Fair value reserve	Share based payment reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2015</b>	<b>58,481</b>	<b>–</b>	<b>125,543</b>	<b>17</b>	<b>–</b>	<b>184,041</b>
Total comprehensive income	–	–	(3,592)	(2)	–	(3,594)
Purchase of treasury shares	–	(374)	–	–	–	(374)
<b>At 30 September 2015</b>	<b>58,481</b>	<b>(374)</b>	<b>121,951</b>	<b>15</b>	<b>–</b>	<b>180,073</b>
Total comprehensive income	–	–	(1,125)	(11)	–	(1,136)
Purchase of treasury shares	–	(168)	–	–	–	(168)
Dividends on ordinary shares	–	–	(2,542)	–	–	(2,542)
<b>At 31 December 2015</b>	<b>58,481</b>	<b>(542)</b>	<b>118,284</b>	<b>4</b>	<b>–</b>	<b>176,227</b>





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

Issued and fully paid ordinary shares:	Number of Shares	
	As at 31 Dec 2016	As at 31 Dec 2015
As at beginning of period	253,125,600	255,157,000
Purchase of treasury shares	–	(1,324,900)
As at end of period	<u>253,125,600</u>	<u>253,832,100</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 31 Dec 2016	As at 30 June 2016
Total number of issued shares excluding treasury shares	<u>253,125,600</u>	<u>253,125,600</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.**

Not applicable

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as of 30 June 2016.

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

None.



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

	Group		Group	
	Q2 2017	Q2 2016	1H 2017	1H 2016
Weighted average number of ordinary shares for basic earnings per share computation	253,126	254,415	253,126	254,415
Effect of dilution				
-Performance share plan	3,730	–	3,730	–
Weighted average number of ordinary shares for diluted earnings per share computation	256,856	254,415	256,856	254,415
Earnings per share (cents per share)				
- Basic	1.7	1.8	2.2	3.0
- Diluted	1.6	1.8	2.2	3.0

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

	Group		Company	
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	86.2	86.7	67.3	69.8
No. of shares in computing NAV ('000)	253,126	253,126	253,126	253,126



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

### Financial performance review Q2 and 1H 2016-17

#### **Revenue**

The Group's revenue decreased by 36% from S\$314.7 million in 1H FY2016 to S\$201.4 million in 1H FY2017. This was mainly due to a decrease in revenue from overseas project works following the completion of projects in FY2016.

#### **Cost of sales**

The Group's cost of sales decreased by S\$104.3 million from S\$268.1 million in 1H FY2016 to S\$163.8 million in 1H FY2017 due to lower volume of project works. The decrease was mainly due to lower direct costs for the overseas project works.

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

The Group's gross profit decreased by S\$9.0 million from S\$46.6 million in 1H FY2016 to S\$37.6 million in 1H FY2017. This was mainly due to a decrease in profit contribution from overseas project works. The increase in Group's profit margin from 15% in 1H FY2016 to 19% in 1H FY2017 was mainly attributable to contributions from project works in 1H FY2017.

#### **Other operating income**

Other operating income decreased by S\$10.5 million from S\$12.3 million in 1H FY2016 to S\$1.8 million in 1H FY2017. This was mainly due to gain on disposal of properties and assets held for sale in 1H FY2016.

#### **Administrative expenses**

Administrative expenses decreased by S\$0.6 million from S\$15.7 million in 1H FY2016 to S\$15.1 million in 1H FY2017, This was mainly due to a decrease in salaries, bonus incentive and general administrative expenses.

#### **Other operating expenses**

Other operating expenses decreased by S\$12.0 million from S\$29.9 million in 1H FY2016 to S\$17.9 million in 1H FY2017. The decrease was mainly due to a gain on currency exchange of S\$6.0 million, primarily due to the appreciation in USD. There was also a decrease in allowance on doubtful debts and lower direct operating costs in 1H FY2017.

#### **Finance expenses**

Finance expenses decreased by S\$ 0.2 million from S\$ 0.5 million in 1H FY2016 to S\$ 0.3 million in 1H FY2017. This was mainly due to decrease in interest on loans and short term financings.



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Co. Reg. No: 198200079M

### **Share of results of associate**

Share of results of associate increased by S\$ 0.2 million in 1H FY2017 was mainly due to higher work volume and improved margin.

### **Taxation**

The effective tax rate decreased from 16.3% in 1H FY2016 to 11.7% in 1H FY2017. The decrease was mainly attributable to a lower tax provision for overseas entities within the Group.

### **Balance Sheet Review**

The Group's Non-current assets decreased by S\$5.3 million to S\$105.2 million in 1H FY2017. This was mainly due to decrease in property, plant and equipment.

The Group's current assets decreased by S\$6.3 million to S\$283.2 million in 1H FY2017. This was mainly due to decrease in contracts-in-progress, accrued income and trade receivables. The decrease was offset by an increase in other receivables and deposit, cash and short term deposits,

The Group's current liabilities decreased by S\$10.2 million to S\$145.9 million in 1H FY2017. This was due to decrease in progress billings in excess of costs, loans and borrowings. The decrease was offset by an increase in other payables and accruals.

The Group's non-current liabilities decreased by S\$0.4 million to S\$11.2 million in 1H FY2017. This was mainly due to partial loan repayment to the banks.

### **Cash Flow Review**

Net cash generated from operating activities for the Group in 1H FY2017 was S\$19.2 million after deduction of income tax payment of S\$0.9 million.

The Group had used S\$1.9 million in investing activities in 1H FY2017. This was mainly attributable to purchase of construction equipment, motor vehicles and office equipment to support the business operation. The increase was partially offset by dividend income from associate.

The Group had used S\$10.6 million in financing activities in 1H FY2017 which was mainly due to the repayment of bank borrowings and dividends payment to shareholders.

As a result of the above, there was an increase in cash and cash equivalents of S\$6.8 million to S\$161.0 million in 1H FY2017.



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

Not Applicable.

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

Although the oil and gas industry remains highly competitive and challenging, we have witnessed a higher level of enquiries for project works in the region and the demand for maintenance services is also expected to grow.

Despite the difficult market conditions, the Group has been actively developing its overseas business and has recently won our first major maintenance contract in Vietnam to maintain the entire Nghi Son Refinery and Petrochemical Complex for a period of seven years.

We are also actively participating in several tenders in Asia and the Middle East to build up the orderbook which stands at S\$107 million as at 31 December 2016, excluding maintenance contracts.

**11. Dividend**

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

Any dividend declared for the current financial period reported on?

NIL.

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

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

NIL.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not Applicable.

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

No interim dividend has been declared/recommended.

**13. Interested person transaction**

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

**14. Confirmation**

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



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### **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**  
**13<sup>th</sup> February 2017**