



PEC LTD.

21 Shipyard Road, Singapore 628144
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 Co. Reg. No: 198200079M

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 30 September 2018.

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 2018 (Q1 2019):

	Q1 2019	Group Q1 2018 (Restated)	Change
	S\$'000	S\$'000	%
Revenue	93,419	80,909	15%
Cost of sales	(72,608)	(61,730)	18%
Gross profit	20,811	19,179	9%
Gross profit margin	22%	24%	
Other operating income	774	719	8%
Administrative expenses	(6,551)	(6,534)	0%
Other operating expenses	(13,008)	(11,639)	12%
Finance expenses	(90)	(91)	(1%)
Share of results of associate	89	126	(29%)
Profit before taxation	2,025	1,760	15%
Income tax expense	(312)	(326)	(4%)
Profit after taxation	1,713	1,434	19%
Attributable to:			
Equity holders of the Company	1,445	982	47%
Non-controlling interests	268	452	(41%)
	1,713	1,434	19%
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net change in fair value reserve	-	-	NM
Foreign currency translation	(1,458)	(529)	176%
Total other comprehensive income for the year, net of tax	(1,458)	(529)	176%
Total comprehensive income for the period	255	905	(72%)
Total comprehensive income attributable to:			
Owners of the Company	282	471	(40%)
Non-controlling interests	(27)	434	NM
	255	905	(72%)

Denotes: NM – not meaningful



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

	Group	
	Q1 2019	Q1 2018 (Restated)
	S\$'000	S\$'000
Amortisation of land use rights	(6)	(6)
Amortisation of intangible assets	(32)	(33)
Depreciation of property, plant and equipment	(2,886)	(3,112)
Depreciation of investment property	(41)	(44)
Share-based compensation expenses	(32)	(82)
Impairment of trade receivables, net	(385)	(35)
Interest expense	(60)	(54)
Exchange gain/(loss), net	150	(515)
Gain/(loss) on disposal of property, plant and equipment, net	30	(24)
Gain on disposal of investment property	89	73
Interest income	202	237
Sundry income	82	247



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

	Group		Company	
	30 Sep 2018	30 Jun 2018 (restated)	30 Sep 2018	30 Jun 2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	77,942	77,691	38,079	38,839
Investment property	6,445	6,911	–	–
Investment securities	7	6	7	6
Investment in subsidiaries	–	–	41,495	41,495
Investment in an associate	5,121	5,032	354	354
Intangible assets	1,688	1,657	97	38
Land use rights	616	645	–	–
Deferred tax assets	2,255	1,881	–	–
Trade receivables	1,596	1,652	–	–
	<u>95,670</u>	<u>95,475</u>	<u>80,032</u>	<u>80,732</u>
Current assets				
Contract assets	18,230	13,366	14,197	9,007
Accrued income	52,260	46,762	45,824	37,320
Inventories	408	373	–	–
Trade receivables	90,168	92,725	41,263	43,769
Other receivables and deposits	5,918	6,626	7,288	7,231
Prepayments	3,872	4,113	2,587	2,829
Amounts due from subsidiaries	–	–	10,540	10,532
Cash and short-term deposits	89,352	86,795	50,419	46,615
	<u>260,208</u>	<u>250,760</u>	<u>172,118</u>	<u>157,303</u>
Total Assets	355,878	346,235	252,150	238,035
EQUITIES AND LIABILITIES				
Current liabilities				
Contract liabilities	266	1,305	252	728
Trade payables	24,393	17,668	27,705	18,772
Other payables and accruals	74,737	70,439	37,233	33,804
Provisions	3,898	6,029	2,141	1,760
Loans and borrowings	709	766	21	28
Income tax payable	651	475	370	–
	<u>104,654</u>	<u>96,682</u>	<u>67,722</u>	<u>55,092</u>
Net current assets	155,554	154,078	104,396	102,211
Non-current liabilities				
Provisions	3,669	1,238	1,238	1,238
Loans and borrowings	7,480	7,721	–	–
Deferred tax liabilities	315	521	39	39
	<u>11,464</u>	<u>9,480</u>	<u>1,277</u>	<u>1,277</u>
Total Liabilities	116,118	106,162	68,999	56,369
Net assets	239,760	240,073	183,151	181,666
Equity attributable to owners of the Company				
Share capital	58,836	58,836	58,836	58,836
Treasury shares	(340)	(120)	(340)	(120)
Statutory reserve	2,481	2,481	–	–
Fair value reserve	(11)	(11)	(11)	(11)
Retained earnings	172,685	171,620	124,512	122,839
Premium paid on acquisition of non-controlling interests	(2,189)	(2,189)	–	–
Foreign currency translation reserve	(743)	420	–	–
Share based payment reserve	154	122	154	122
	<u>230,873</u>	<u>231,159</u>	<u>183,151</u>	<u>181,666</u>
Non-controlling interests	8,887	8,914	–	–
Total Equity	239,760	240,073	183,151	181,666
Total equity and liabilities	355,878	346,235	252,150	238,035



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

Amount repayable in one year or less, or on demand

As at 30 Sep 2018		As at 30 Jun 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
709	–	766	–

Amount repayable after one year

As at 30 Sep 2018		As at 30 Jun 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,480	–	7,721	–

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	
	Q1 2019 S\$'000	Q1 2018 (Restated) S\$'000
Cash flows from operating activities		
Profit before taxation	2,025	1,760
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	2,886	3,112
Depreciation of investment property	41	44
(Gain)/loss on disposal of property, plant and equipment, net	(30)	24
Gain on disposal of investment property	(89)	(73)
Gain on disposal of intangible asset	(104)	–
Net loss on liquidation of subsidiary	–	–
Share-based compensation expenses	32	82
Impairment of trade receivables, net	385	35
Provision, net	301	247
Foreign exchange differences	(76)	370
Amortisation of land use rights	6	6
Amortisation of intangible assets	32	33
Share of results of associate	(89)	(126)
Interest income	(202)	(237)
Interest expense	60	54
	5,178	5,331
Operating cash flows before working capital changes		
Increase in contract assets net contract liabilities	(5,902)	(3,079)
Increase in accrued income	(5,719)	(342)
Increase in inventories	(38)	(1)
Decrease in trade and other receivables and prepayments	2,598	5,055
Increase/(decrease) in trade and other payables and accruals	11,407	(905)
	7,524	6,059
Cash flows generated from operations		
Tax paid	(710)	(201)
Interest paid	(60)	(54)
Interest received	202	237
	6,956	6,041
Net cash flows generated from operating activities		
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	53	1
Proceeds from disposal of investment property	471	455
Proceeds from disposal of intangible assets	121	–
Acquisition of intangible assets	(79)	–
Purchase of property, plant and equipment	(3,691)	(1,342)
	(3,125)	(886)
Net cash flows used in investing activities		
Cash flows from financing activities		
Repayment of borrowings	(405)	(450)
Purchase of treasury shares	(220)	–
Proceeds from borrowings	–	285
Dividends paid on ordinary shares	–	–
Dividends paid to non-controlling interests	–	–
	(625)	(165)
Net cash flows used in financing activities		
Net increase in cash and cash equivalents	3,206	4,990
Effect of exchange rate changes on cash and cash equivalents	(587)	(389)
Cash and cash equivalents at beginning of the period	86,733	107,022
Cash and cash equivalents at end of the period	89,352	111,623



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

GROUP

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

	Share Capital	Treasury shares	Statutory Reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non-controlling interests	Foreign currency translation reserve	Share-based compensation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2018	58,836	(120)	2,481	174,077	(11)	(2,189)	(2,037)	122	231,159	8,914	240,073
Effect of adoption of SFRS(I)1	-	-	-	(2,457)	-	-	2,457	-	-	-	-
Effect of adoption of SFRS(I)9	-	-	-	(380)	-	-	-	-	(380)	-	(380)
At 1 July 2018 (restated)	58,836	(120)	2,481	171,240	(11)	(2,189)	420	122	230,779	8,914	239,693
Total comprehensive income	-	-	-	1,445	-	-	(1,163)	-	282	(27)	255
Grant of performance share to employees	-	(220)	-	-	-	-	-	32	(188)	-	(188)
At 30 September 2018	58,836	(340)	2,481	172,685	(11)	(2,189)	(743)	154	230,873	8,887	239,760

GROUP

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

	Share Capital	Treasury shares	Statutory Reserve	Retained earnings	Fair value reserve	Premium paid on acquisition of non-controlling interests	Foreign currency translation reserve	Share-based compensation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2017	58,481	(214)	2,553	170,021	(12)	(2,189)	(2,457)	421	226,604	7,255	233,859
Effect of adoption of SFRS(I)1	-	-	-	(2,457)	-	-	2,457	-	-	-	-
Effect of adoption of SFRS(I)15	-	-	-	930	-	-	-	-	930	-	930
At 1 July 2017 (restated)	58,481	(214)	2,553	168,494	(12)	(2,189)	-	421	227,534	7,255	234,789
Total comprehensive income	-	-	-	982	-	-	(511)	-	471	434	905
Grant of performance share to employees	-	-	-	-	-	-	-	82	82	-	82
At 30 September 2017	58,481	(214)	2,553	169,476	(12)	(2,189)	(511)	503	228,087	7,689	235,776



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COMPANY	Share Capital	Treasury shares	Retained earnings	Fair value reserve	Share-based compensation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2018	58,836	(120)	122,839	(11)	122	181,666
Total comprehensive income	-	-	1,673	-	-	1,673
Purchase of treasury shares	-	(220)	-	-	-	(220)
Grant of performance share to employees	-	-	-	-	32	32
At 30 September 2018	58,836	(340)	124,512	(11)	154	183,151

COMPANY	Share Capital	Treasury shares	Retained earnings	Fair value reserve	Share-based compensation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2017	58,481	(214)	123,703	(12)	421	182,379
Effect of adoption of SFRS(I)15	-	-	949	-	-	949
At 1 July 2017 (restated)	58,481	(214)	124,652	(12)	421	183,328
Total comprehensive income	-	-	(97)	-	-	(97)
Grant of performance share to employees	-	-	-	-	82	82
At 30 September 2017	58,481	(214)	124,555	(12)	503	183,313



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

Issued and fully paid ordinary shares:	Number of Shares	
	As at 30 Sep 2018	As at 30 Sep 2017
As at beginning of period	255,514,739	254,617,792
Purchase of treasury shares	(372,300)	-
As at end of period	<u>255,142,439</u>	<u>254,617,792</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 2018	As at 30 June 2018
Total number of issued shares excluding treasury shares	<u>255,142,739</u>	<u>255,514,739</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.

Treasury shares:	Number of Shares	
	As at 30 Sep 2018	As at 30 Sep 2017
As at beginning of period	200,024	539,208
Purchase of treasury shares	372,300	-
As at end of period	<u>572,324</u>	<u>539,208</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.



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

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

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

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

SFRS(I)1 First-time Adoption of SFRS(I)

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

SFRS(I)9 Financial Instruments

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

SFRS(I)15 Revenue from Contracts with Customers

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

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

Under SFRS(I)15, the Group recognises revenue inclusive of estimated variable consideration in exchange of transferring the promised goods or services to a customer. Under SFRS(I)15, the Group recognises costs amortised on a systematic basis that is consistent with the transfer of goods or services transferred. As a result, revenue increased by S\$5.106 million as at 30 Jun 2017 (Q1 2018 – decrease S\$0.38 million) and costs increased by S\$4.176 million (Q1 2018 – S\$nil), resulting in a net increase of S\$0.93 million in contract assets and S\$0.93 million in retained earnings as at 30 June 2017.



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	Group		
	Q1 2018	Effects of	Q1 2018
	S\$'000	SFRS(I)15	(Restated)
	S\$'000		S\$'000
Revenue	81,289	(380)	80,909
Cost of sales	(61,730)		(61,730)
Gross profit	19,559	(380)	19,179
Gross profit margin	24%		24%
Other operating income	719		719
Administrative expenses	(6,534)		(6,534)
Other operating expenses	(11,639)		(11,639)
Finance expenses	(91)		(91)
Share of results of associate	126		126
Profit before taxation	2,140	(380)	1,760
Income tax expense	(326)		(326)
Profit after taxation	1,814	(380)	1,434
Attributable to:			
Equity holders of the Company	1,362	(380)	982
Non-controlling interests	452		452
	1,814	(380)	1,434



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	Group		Group			
	30 Jun 2017	Effects of SFRS(I)15	30 Jun 2017 (restated)	30 Jun 2018	Effects of SFRS(I)9	1 Jul 2018 (restated)
	S\$'000		S\$'000	S\$'000		S\$'000
ASSETS						
Non-current assets						
Property, plant and equipment	83,723		83,723	77,691		77,691
Investment property	7,372		7,372	6,911		6,911
Investment securities	6		6	6		6
Investment in subsidiaries	–		–	–		0
Investment in an associate	4,965		4,965	5,032		5,032
Intangible assets	1,792		1,792	1,657		1,657
Land use rights	661		661	645		645
Deferred tax assets	1,102		1,102	1,881		1,881
Trade receivables	–		–	1,652		1,652
	<u>99,621</u>		<u>99,621</u>	<u>95,475</u>		<u>95,475</u>
Current assets						
Contract assets	6,167	930	7,097	13,366		13,366
Accrued income	38,949		38,949	46,762		46,762
Inventories	277		277	373		373
Trade receivables	113,851		113,851	92,725	(380)	92,345
Other receivables and deposits	5,459		5,459	6,626		6,626
Prepayments	4,605		4,605	4,113		4,113
Cash and short-term deposits	107,022		107,022	86,795		86,795
	<u>276,330</u>	930	<u>277,260</u>	<u>250,760</u>	(380)	<u>250,380</u>
Total Assets	<u>375,951</u>	930	<u>376,881</u>	<u>346,235</u>	(380)	<u>345,855</u>
EQUITIES AND LIABILITIES						
Current liabilities						
Contract liabilities	38,851		38,851	1,305		1,305
Trade payables	27,011		27,011	17,668		17,668
Other payables and accruals	61,981		61,981	70,439		70,439
Provisions	2,654		2,654	6,029		6,029
Loans and borrowings	788		788	766		766
Income tax payable	303		303	475		475
	<u>131,588</u>		<u>131,588</u>	<u>96,682</u>		<u>96,682</u>
Net current assets	144,742	930	145,672	154,078	(380)	153,698
Non-current liabilities						
Provisions	1,364		1,364	1,238		1,238
Loans and borrowings	8,713		8,713	7,721		7,721
Deferred tax liabilities	427		427	521		521
	<u>10,504</u>		<u>10,504</u>	<u>9,480</u>		<u>9,480</u>
Total Liabilities	<u>142,092</u>		<u>142,092</u>	<u>106,162</u>		<u>106,162</u>
Net assets	<u>233,859</u>	930	<u>234,789</u>	<u>240,073</u>	(380)	<u>239,693</u>
Equity attributable to owners of the Company						
Share capital	58,481		58,481	58,836		58,836
Treasury shares	(214)		(214)	(120)		(120)
Statutory reserve	2,553		2,553	2,481		2,481
Fair value reserve	(12)		(12)	(11)		(11)
Retained earnings	170,021	930	170,951	174,077	(380)	173,697
Premium paid on acquisition of non-controlling interests	(2,189)		(2,189)	(2,189)		(2,189)
Foreign currency translation reserve	(2,457)		(2,457)	(2,037)		(2,037)
Share based payment reserve	421		421	122		122
	<u>226,604</u>	930	<u>227,534</u>	<u>231,159</u>	(380)	<u>230,779</u>
Non-controlling interests	7,255		7,255	8,914		8,914
Total Equity	<u>233,859</u>	930	<u>234,789</u>	<u>240,073</u>	(380)	<u>239,693</u>
Total equity and liabilities	<u>375,951</u>	930	<u>376,881</u>	<u>346,235</u>	(380)	<u>345,855</u>



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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	
	Q1 2019	Q1 2018 (Restated)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	254,980	254,058
Effect of dilution		
-Performance share plan ('000)	1,141	2,238
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	256,121	256,296
Earnings per share (cents per share)		
- Basic	0.6	0.4
- Diluted	0.6	0.4

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 2018	30 Jun 2018 (restated)	30 Sep 2018	30 Jun 2018
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	90.5	90.5	71.8	71.1
No. of shares in computing NAV ('000)	255,142	255,515	255,142	255,515



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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 Q1FY2019

Revenue

The Group's revenue increased by S\$12.5 million from S\$80.9 million in Q1FY2018 to S\$93.4 million in Q1FY2019. This was mainly due to an increase in revenue from project works in Q1FY2019.

Cost of sales

The Group's cost of sales increased by S\$10.9 million from S\$61.7 million in Q1FY2018 to S\$72.6 million in Q1FY2019 was mainly due to increase in direct costs for the project works.

Gross profit and gross profit margin

The Group's gross profit increased by S\$1.6 million from S\$19.2 million in Q1FY2018 to S\$20.8 million in Q1FY2019. This was mainly due to an increase in profit contribution from project works resulted from the increase in revenue and margin.

The decrease in Group's profit margin from 24% in Q1FY2018 to 22% in Q1FY2019 was mainly attributable to lower margin contribution from maintenance services.

Other operating income

Other operating income increased by S\$0.1 million from S\$0.7 million in Q1FY2018 to S\$0.8 million in Q1FY2019 was mainly due to an increase in grant and incentives, insurance claims, gain on disposal of assets. The increase was partly offset by a decrease in sundry income.

Other operating expenses

Other operating expenses increased by S\$1.4 million from S\$11.6 million in Q1FY2018 to S\$13.0 million in Q1FY2019. The increase was mainly due to higher direct operating cost such as workers accommodation, personal protective equipment, insurance, and allowance for doubtful debt. The increase was partly offset by decrease in depreciation and forex changes from loss in Q1FY2018 to a gain in Q1FY2019, the forex changes was primarily due to appreciation of USD.

Share of results of associate

The decrease in share of results of associate was mainly due to lower margin resulting from the competitive environment.

Taxation

The Group effective tax rate decreased from 18.5% in Q1FY2018 to 15.4% in Q1FY2019. This was mainly due to recognition of deferred tax assets.



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Balance Sheet Review

The Group's non-current assets increased by S\$0.2 million to S\$95.7 million in Q1FY2019. This was mainly due to increase in property, plant and equipment and deferred tax assets. The increase was partly offset by a decrease in investment property.

The Group's current assets increased by S\$9.4 million to S\$260.2 million in Q1FY2019. This was mainly due to increase in contract assets, accrued income, cash and short-term deposits. The increase was partly offset by decrease in trade receivables, other receivables and deposits and prepayments.

Of the S\$90.2 million trade receivables as at 30 September 2018, approximately S\$64.3 million relates to past due receivables. As at 13 November 2018, the Group has collected S\$6.4 million out of the S\$64.3 million subsequent to 30 September 2018 and collections are continuing.

The Group's current liabilities increased by S\$8.0 million to S\$104.7 million in Q1FY2019. This was mainly due to increase in trade payables, other payables and accruals and income tax payable. The increase was partly offset by a decrease in provisions, and contract liabilities.

The Group's non-current liabilities increased by S\$2.0 million to S\$11.5 million in Q1FY2019. This was mainly due to increase in provisions, partly offset by decrease in deferred tax liabilities.

Cash Flow Review

Net cash generated from operating activities for the Group in Q1FY2019 was S\$7.0 million.

The Group used S\$3.1 million in investing activities in Q1FY2019, 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, investment property and intangible assets.

The Group used S\$0.6 million in financing activities in Q1FY2019 which was mainly due to repayment of bank borrowings and purchase of treasury shares.

As a result of the above, there was an increase in cash and cash equivalents of S\$3.2 million to S\$89.4 million in Q1FY2019.

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.

Major projects in the pipeline are now beginning to come onstream especially in Asia and the Middle East. However, the improved prospects in the industry might be hindered by ongoing global trade tensions and other geopolitical factors.

Despite the intense competition, we are cautiously optimistic that with our strong track record and reputation, PEC will benefit from the rising opportunities in the Middle East, China, Vietnam and Singapore and will remain prudent in bidding for new contracts.

The orderbook stands at S\$287.0 million as at 30 September 2018, excluding maintenance contracts.



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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/recommendeded, 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 under Rule 705 (5) of the Listing Rules

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 aspect.

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
13th November 2018