PEC LTD.

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Co. Reg. No: 198200079M

FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 30 June 2017.

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 fourth quarter ("Q4") and full year ("FY") ended 30 June 2017:

	Group			Group		
	Q4 2017	Q4 2016	Change	FY 2017	FY 2016	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	106,282	142,684	(26%)	418,579	575,078	(27%)
Cost of sales	(77,291)	(109,516)	(29%)	(334,698)	(468,942)	(29%)
Gross profit	**28,991**	**33,168**	**(13%)**	**83,881**	**106,136**	**(21%)**
Gross profit margin	27%	23%		20%	18%	
Other operating income	727	1,852	(61%)	9,672	15,541	(38%)
Administrative expenses	(6,886)	(9,053)	(24%)	(27,852)	(30,567)	(9%)
Other operating expenses	(15,641)	(15,363)	2%	(50,381)	(62,495)	(19%)
Finance expenses	(151)	(304)	(50%)	(619)	(1,050)	(41%)
Share of results of associate	195	228	(14%)	587	410	43%
Profit before taxation	**7,235**	**10,528**	**(31%)**	**15,288**	**27,975**	**(45%)**
Income tax expense	(556)	(1,922)	(71%)	(1,406)	(5,695)	(75%)
Profit after taxation	**6,679**	**8,606**	**(22%)**	**13,882**	**22,280**	**(38%)**
Attributable to:						
Equity holders of the Company	7,032	8,096	(13%)	15,697	18,745	(16%)
Non-controlling interests	(353)	510	NM	(1,815)	3,535	NM
	6,679	**8,606**	**(22%)**	**13,882**	**22,280**	**(38%)**
Other comprehensive income:						
Items *that may be reclassified subsequently to profit or loss:*						
Net change in fair value reserve	(4)	(1)	300%	(12)	(17)	(29%)
Foreign currency translation	(219)	(1,126)	(81%)	(1,671)	(2,628)	(36%)
Total other comprehensive income for the year, net of tax	(223)	(1,127)	(80%)	(1,683)	(2,645)	(36%)
Total comprehensive income for the year	**6,456**	**7,479**	**(14%)**	**12,199**	**19,635**	**(38%)**
Total comprehensive income attributable to:						
Owners of the Company	6,791	7,183	(5%)	14,112	16,853	(16%)
Non-controlling interests	(335)	296	NM	(1,913)	2,782	NM
	6,456	**7,479**	**(14%)**	**12,199**	**19,635**	**(38%)**

Denotes: NM – not meaningful

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

	Group		Group	
	Q4 2017	Q4 2016	FY 2017	FY 2016
	S$'000	S$'000	S$'000	S$'000
Amortisation of land use rights	(6)	(6)	(24)	(26)
Amortisation of intangible assets	(33)	(37)	(140)	(149)
Depreciation of property, plant and equipment	(3,569)	(4,306)	(14,779)	(15,575)
Depreciation of investment property	(46)	(46)	(184)	(185)
Share-based compensation expenses	(36)	(301)	(693)	(301)
Allowance of trade receivables, net	(586)	(669)	(306)	(2,983)
Write-back/(impairment) of accrued income, net	–	720	–	25
Interest expense	(91)	(140)	(367)	(657)
Exchange (loss)/gain, net	(691)	(308)	3,347	(3,232)
Gain/(loss) on disposal of property, plant and equipment, net	16	(773)	(5)	3,147
Gain/(loss) on disposal of intangible asset	–	(3)	75	(3)
Gain on disposal of asset held for sale	–	–	–	6,015
Gain on disposal of subsidiaries, net	360	–	360	–
Interest income	213	263	1,118	1,096
Sundry income	250	1,492	2,912	2,274

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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 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	83,723	94,052	43,123	48,117
Investment property	7,372	7,639	–	–
Investment securities	6	18	6	18
Investment in subsidiaries	–	–	41,494	31,759
Investment in an associate	4,965	4,806	354	354
Intangible assets	1,792	1,981	59	134
Land use rights	661	684	–	–
Deferred tax assets	1,102	1,323	577	935
Amounts due from a subsidiary	–	–	–	11,896
	99,621	110,503	85,613	93,213
Current assets				
Contracts-in-progress (net of progress billings)	6,167	17,075	4,652	10,979
Accrued income	38,949	20,173	31,859	12,318
Inventories	277	621	–	–
Trade receivables	113,851	87,439	51,251	53,209
Other receivables and deposits	5,459	9,485	2,337	4,476
Prepayments	4,605	4,162	1,564	1,048
Amounts due from subsidiaries	–	–	6,966	7,952
Dividend receivable	–	–	4,988	4,164
Bank deposits pledged	–	51	–	–
Cash and short-term deposits	107,022	150,562	51,115	42,888
	276,330	289,568	154,732	137,034
Total Assets	**375,951**	**400,071**	**240,345**	**230,247**
EQUITIES AND LIABILITIES				
Current liabilities				
Progress billings in excess of costs	38,851	45,169	512	1,474
Trade payables	27,011	31,139	20,547	15,505
Other payables and accruals	61,981	65,064	33,710	33,630
Provisions	2,654	2,624	1,835	1,594
Loans and borrowings	788	8,653	56	25
Income tax payable	303	3,504	–	107
	131,588	156,153	56,660	52,335
Net current assets	**144,742**	**133,415**	**98,072**	**84,699**
Non-current liabilities				
Provisions	1,364	1,363	1,238	1,238
Loans and borrowings	8,713	9,492	68	66
Deferred tax liabilities	427	756	–	–
	10,504	11,611	1,306	1,304
Total Liabilities	**142,092**	**167,764**	**57,966**	**53,639**
Net assets	**233,859**	**232,307**	**182,379**	**176,608**
Equity attributable to owners of the Company				
Share capital	58,481	58,481	58,481	58,481
Treasury shares	(214)	(822)	(214)	(822)
Statutory reserve	2,553	1,085	–	–
Fair value reserve	(12)	–	(12)	–
Retained earnings	170,021	163,420	123,703	118,648
Premium paid on acquisition of non-controlling interests	(2,189)	(2,189)	–	–
Foreign currency translation reserve	(2,457)	(884)	–	–
Share based payment reserve	421	301	421	301
	226,604	**219,392**	**182,379**	**176,608**
Non-controlling interests	7,255	12,915	–	–
Total Equity	**233,859**	**232,307**	**182,379**	**176,608**
Total equity and liabilities	**375,951**	**400,071**	**240,345**	**230,247**

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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 June 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
788	–	8,653	–

Amount repayable after one year

As at 30 June 2017		As at 30 June 2016	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
8,713	–	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	
	FY 2017	FY 2016
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	15,288	27,975
Adjustments for:		
Depreciation of property, plant and equipment	14,779	15,575
Depreciation of investment property	184	185
Loss/(gain) on disposal of property, plant and equipment, net	5	(3,147)
Gain on disposal of intangible asset	(75)	3
Gain on disposal of asset held for sale	–	(6,015)
Gain on disposal of subsidiaries, net	(360)	–
Share-based compensation expenses	693	301
(Write-back)/allowance of trade receivables, net	306	2,983
Impairment of accrued income	–	521
Impairment loss on property, plant and equipment	–	211
Write-back of impairment of accrued income	–	(546)
Provision, net	(108)	(115)
Foreign exchange differences	(2,284)	2,408
Amortisation of land use rights	24	26
Amortisation of intangible assets	140	149
Share of results of associate	(587)	(410)
Interest income	(1,118)	(1,096)
Interest expense	367	657
Operating cash flows before working capital changes	**27,254**	**39,665**
Decrease in contracts-in-progress	5,359	17,502
(Increase)/decrease in accrued income	(18,758)	4,345
Decrease in inventories	27	104
(Increase)/decrease in trade and other receivables and prepayments	(27,713)	7,093
Decrease in trade and other payables and accruals and provision	(8,048)	(8,954)
Cash flows (used in)/generated from operations	**(21,879)**	**59,755**
Tax paid	(4,590)	(3,840)
Interest paid	(367)	(657)
Interest received	1,118	1,096
Net cash flows (used in)/generated from operating activities	**(25,718)**	**56,354**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	179	5,868
Proceeds from disposal of asset held for sale	–	8,097
Net cash outflow from disposal of subsidiaries	(583)	(646)
Proceeds from disposal of intangible assets	125	19
Net cash outflow on acquisition of a subsidiary	–	(78)
Acquisition of land use rights	–	(23)
Dividend income from associate	428	245
Purchase of property, plant and equipment	(4,880)	(11,785)
Net cash flows (used in)/generated from investing activities	**(4,731)**	**1,697**
Cash flows from financing activities		
Repayment of borrowings	(6,149)	(12,867)
Proceeds from borrowings	–	22
Purchase of treasury shares	–	(822)
Net cash outflow on acquisition of non-controlling interest	–	(1,406)
Changes in bank deposits pledged	51	298
Dividends paid to non-controlling interests	(1,289)	(135)
Dividends paid on ordinary shares	(7,594)	(2,543)
Net cash flows used in financing activities	**(14,981)**	**(17,453)**
Net (decrease)/increase in cash and cash equivalents	**(45,430)**	**40,598**
Effect of exchange rate changes on cash and cash equivalents	1,890	(3,042)
Cash and cash equivalents at beginning of the year	**150,562**	**113,006**
Cash and cash equivalents at end of the year	**107,022**	**150,562**

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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 2016	**58,481**	**(822)**	**1,085**	**163,420**	**–**	**(2,189)**	**(884)**	**301**	**219,392**	**12,915**	**232,307**
Total comprehensive income	–	–	–	1,330	(6)	–	(885)	–	439	(776)	(337)
Grant of performance share to employees	–	–	–	–	–	–	–	215	215	–	215
At 30 September 2016	**58,481**	**(822)**	**1,085**	**164,750**	**(6)**	**(2,189)**	**(1,769)**	**516**	**220,046**	**12,139**	**232,185**
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)
At 31 December 2016	**58,481**	**(822)**	**1,085**	**161,394**	**(6)**	**(2,189)**	**(504)**	**738**	**218,177**	**13,066**	**231,243**
Total comprehensive income	–	–	–	3,097	(2)	–	(1,716)	–	1,379	(1,729)	(350)
Grant of performance share to employees	–	–	–	–	–	–	–	220	220	–	220
Treasury shares reissued pursuant to performance share plans	–	608	–	(34)	–	–	–	(574)	–	–	–
Dividend paid to non-controlling interest by subsidiaries	–	–	–	–	–	–	–	–	–	(729)	(729)
At 31 March 2017	**58,481**	**(214)**	**1,085**	**164,457**	**(8)**	**(2,189)**	**(2,220)**	**384**	**219,776**	**10,608**	**230,384**
Total comprehensive income	–	–	–	7,032	(4)	–	(237)	–	6,791	(335)	6,456
Dividend paid to non-controlling interest by subsidiaries	–	–	–	–	–	–	–	–	–	(3,503)	(3,503)
Transfer of retained earning to statutory reserves	–	–	1,468	(1,468)	–	–	–	–	–	–	–
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	485	485
Grant of performance share to employees	–	–	–	–	–	–	–	37	37	–	37
At 30 June 2017	**58,481**	**(214)**	**2,553**	**170,021**	**(12)**	**(2,189)**	**(2,457)**	**421**	**226,604**	**7,255**	**233,859**

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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**
At 1 July 2015	**58,481**	–	**1,085**	**147,218**	**17**	**(2,764)**	**991**	–	**205,028**	**13,334**	**218,362**
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)
At 30 September 2015	**58,481**	**(374)**	**1,085**	**150,262**	**15**	**(2,764)**	**1,955**	**–**	**208,660**	**14,381**	**223,041**
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)
At 31 December 2015	**58,481**	**(542)**	**1,085**	**152,225**	**4**	**(2,189)**	**1,210**	**–**	**210,274**	**14,981**	**225,255**
Total comprehensive income	–	–	–	3,099	(3)	–	(1,182)	–	1,914	(471)	1,443
Purchase of treasury shares	–	(280)	–	–	–	–	–	–	(280)	–	(280)
At 31 March 2016	**58,481**	**(822)**	**1,085**	**155,324**	**1**	**(2,189)**	**28**	**–**	**211,908**	**14,510**	**226,418**
Total comprehensive income	–	–	–	8,096	(1)	–	(912)	–	7,183	296	7,479
Dividend paid to non-controlling interest by a subsidiaries	–	–	–	–	–	–	–	–	–	(703)	(703)
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	4	4
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	(1,192)	(1,192)
Grant of performance share to employees	–	–	–	–	–	–	–	301	301	–	301
At 30 June 2016	**58,481**	**(822)**	**1,085**	**163,420**	**–**	**(2,189)**	**(884)**	**301**	**219,392**	**12,915**	**232,307**

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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 2016	**58,481**	**(822)**	**118,648**	**–**	**301**	**176,608**
Total comprehensive income	–	–	2,109	(6)	–	2,103
Grant of performance share to employees	–	–	–	–	215	215
At 30 September 2016	**58,481**	**(822)**	**120,757**	**(6)**	516	**178,926**
Total comprehensive income	–	–	(1,113)	–	–	(1,113)
Grant of performance share to employees	–	–	–	–	222	222
Dividends on ordinary shares	–	–	(7,594)	–	–	(7,594)
At 31 December 2016	**58,481**	**(822)**	**112,050**	**(6)**	738	**170,441**
Total comprehensive income	–	–	484	(2)	–	482
Grant of performance share to employees	–	–	–	–	220	220
Treasury shares reissued pursuant to performance share plans	–	608	(34)	–	(574)	–
At 31 March 2017	**58,481**	**(214)**	**112,500**	**(8)**	384	**171,143**
Total comprehensive income	–	–	11,203	(4)	–	11,199
Grant of performance share to employees	–	–	–	–	37	37
At 30 June 2017	**58,481**	**(214)**	**123,703**	**(12)**	**421**	**182,379**

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 2015	**58,481**	**–**	**125,543**	**17**	**–**	**184,041**
Total comprehensive income	–	–	(3,592)	(2)	–	(3,594)
Purchase of treasury shares	–	(374)	–	–	–	(374)
At 30 September 2015	**58,481**	**(374)**	**121,951**	**15**	**–**	**180,073**
Total comprehensive income	–	–	(1,125)	(11)	–	(1,136)
Purchase of treasury shares	–	(168)	–	–	–	(168)
Dividends on ordinary shares	–	–	(2,542)	–	–	(2,542)
At 31 December 2015	**58,481**	**(542)**	**118,284**	**4**	**–**	**176,227**
Total comprehensive income	–		(1,672)	(3)	–	(1,675)
Purchase of treasury shares	–	(280)	–	–	–	(280)
At 31 March 2016	**58,481**	**(822)**	**116,612**	**1**	**–**	**174,272**
Total comprehensive income	–	–	2,036	(1)	–	2,035
Grant of performance share to employees	–	–	–	–	301	301
At 30 June 2016	**58,481**	**(822)**	**118,648**	**–**	**301**	**176,608**

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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.

	Number of Shares	
Issued and fully paid ordinary shares:	As at 30 Jun 2017	As at 30 Jun 2016
As at beginning of year	253,125,600	255,157,000
Purchase of treasury shares	–	(2,031,400)
Reissued of treasury shares	1,492,192	–
As at end of year	254,617,792	253,125,600

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 June 2017	As at 30 June 2016
Total number of issued shares excluding treasury shares	254,617,792	253,125,600

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	
Treasury shares:	As at 30 Jun 2017	As at 30 Jun 2016
As at beginning of year	2,031,400	–
Purchase of treasury shares	–	2,031,400
Reissued of treasury shares	(1,492,192)	–
As at end of year	539,208	2,031,400

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.

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	
	Q4 2017	Q4 2016	FY 2017	FY 2016
Weighted average number of ordinary shares for basic earnings per share computation ('000)	253,682	253,740	253,682	253,740
Effect of dilution				
-Performance share plan ('000)	2,238	3,731	2,238	3,731
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	255,920	257,471	255,920	257,471
Earnings per share (cents per share)				
- Basic	2.8	3.2	6.2	7.4
- Diluted	2.7	3.1	6.1	7.3

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 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	89.0	86.7	71.6	69.8
No. of shares in computing NAV ('000)	254,618	253,126	254,618	253,126

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 Q4 and FY 2016-17

Revenue

The Group's revenue decreased by 27% from S$575.1 million in FY2016 to S$418.6 million in FY2017. This was mainly due to a decrease in revenue from overseas project works following the completion of projects in FY2016.

Cost of sales

As revenue decreased, the Group's cost of sales also decreased by S$134.2 million from S$468.9 million in FY2016 to S$334.7 million in FY2017. The decrease was mainly due to lower direct costs following the completion of overseas project works.

Gross profit and gross profit margin

The Group's gross profit decreased by S$22.2 million from S$106.1 million in FY2016 to S$83.9 million in FY2017. This was mainly due to a decrease in profit contribution from completed overseas project works.

The increase in gross profit margin from 18% in FY2016 to 20% in FY2017 was mainly due to additional work arising from maintenance activities in Q4 FY2017.

Other operating income

The Group's other operating income decreased by S$5.8 million from S$15.5 million in FY2016 to S$9.7 million in FY2017. The higher other operating income in FY2016 was mainly due to gain on disposal of properties and assets held for sales in FY2016.

Administrative expenses

Administrative expenses decreased by S$2.7 million from S$30.6 million in FY2016 to S$27.9 million in FY2017. This was mainly due to decrease in provision for bonus incentive and general administrative expenses.

Other operating expenses

Other operating expenses decreased by S$12.1 million from S$62.5 million in FY2016 to S$50.4 million in FY2017. This was substantially due to a decrease in currency exchange losses, primarily due to the appreciation in USD. There was also a decrease in allowance on doubtful debts and lower direct operating costs in FY2017.

Finance Expenses

The Group's finance expenses decreased by S$0.5 million from S$1.1 million in FY2016 to S$0.6 million in FY2017. This was mainly due to lower interest payments on loans and short term financings.

Share of results of associates

Share of result of associates increased by S$0.2 million from S$0.4 million in FY2016 to S$0.6 million in FY2017 was mainly due to higher work volume and improved margin.

Taxation

The effective tax rate decreased from 20.4% in FY2016 to 9.2% in FY2017. The decrease was mainly attributable to a lower tax provision for overseas entities within the Group.

Balance Sheet Review

The Group non-current assets deceased by S$10.9 million to S$99.6 million in FY2017. This was due to decrease in property, plant and equipment as a result of the annual depreciation charge.

The Group's current assets decreased by S$13.2 million to S$276.3 million in FY2017. This was mainly due to a decrease in contracts-in-progress, cash and short-term deposits, other receivables and deposits. The decrease was offset by increase in accrued income, trade and other receivables.

As a result of challenging environment, it has been taking a longer time to materialize the receivables, this has resulted in the increase in trade receivable and decrease in cash and short-term deposits. Of the S$113.8 million trade receivables as at 30 June 2017, approximately S$70.7 million relates to past due receivables. As at 28 August 2017, the Group has collected approximately S$12.5 million out of S$70.7 million subsequent to 30 June 2017 and the balance relates mainly to an overdue receivable for an ongoing overseas project which is scheduled for completion soon.

The Group's current liabilities decreased by S$24.6 million to S$131.6 million in FY2017. This was mainly due to a decrease in progress billings in excess of costs, trade payables, other payables and accruals, loans and borrowings as well as income tax payable.

The Group's non-current liabilities decreased by S$1.1 million to S$10.5 million in FY2017. This was mainly due to partial loan repayment to the banks.

Cash Flow Review

Net cash used in operating activities for the Group in FY2017 was S$25.7 million due mainly to increase in trade receivables and delay in settlement of such receivbles as explained above.

Net cash used in investing activities for the Group in FY2017 was S$4.7 million. This was mainly attributable to purchase of construction equipment, motor vehicles and office equipment to support the business operation.

The Group had used S$15.0 million in financing activities in FY2017 which was mainly due to repayment of loan borrowings and dividends payments to shareholders.

As a result of the above, there was an decrease in cash and cash equivalents of S$45.4 million to S$107.0 million in FY2017.

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.

While the Group expects another challenging year in the oil and gas sector, its integrated project and maintenance solutions and long standing proven track record will position it well to benefit when the industry recovers.

Though there is a steady level of enquiries for project works, cost competition remains keen in the industry. The outlook for maintenance and revamping works, on the other hand, is more positive, driven by aging infrastructure and revisions to the environmental and energy regulatory frameworks.

The seven-year daily maintenance contract PEC secured for the Nghi Son Refinery and Petrochemical Complex is expected to add to the Group's recurrent income stream. The facility is located in the Nghi Son Economic Zone which is primed to become a key petrochemical and industrial hub in Vietnam, and PEC believes its current presence there puts the Group in a good position to grow its business.

The Group is actively pursuing opportunities in maintenance and project works in Asia and the Middle East. The orderbook stands at S$58.5 million as at 30 June 2017, excluding maintenance contracts.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

The Directors proposed to declare a dividend for the current financial year reported as follows:

	FY2017
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents per share
Special Dividend	0.5 cent per share
Tax rate	One-Tier

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

	FY2016
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents per share
Special Dividend	1.0 cent per share
Tax rate	One-Tier

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

13. Interested person transaction

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

14. Confirmation under Rule 720(1) of the Listing Rules

The Company has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7) as required under Rule 720(1).

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PART II: Additional information required for Full Year announcement
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and 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 Segmental results for the year ended 30 June 2016 is as follows:

A) Business Segment

	Project works S$'000	Plant maintenance and related services S$'000	Other operations S$'000	Elimina-tions S$'000	Total S$'000
2017					
Revenue	234,758	183,138	683	–	418,579
Inter-segment sales	22,563	5,076	2,141	(29,780)	–
Total revenue	**257,321**	**188,214**	**2,824**	**(29,780)**	**418,579**
Results:					
Segment results	40,026	43,635	220	–	83,881
Unallocated expenses					(54,246)
Interest income					1,118
Depreciation and amortisation	(5,758)	(1,431)	(134)	–	(7,323)
Unallocated depreciation and amortisation					(7,804)
Write back/(allowance) of trade receivables	100	300	(706)	–	(306)
Finance costs					(619)
Share of results of associates	–	–	587	–	587
Profit before taxation					15,288
Income tax expense					(1,406)
Profit for the year					**13,882**
2016					
Revenue	424,893	149,292	893	–	575,078
Inter-segment sales	22,878	1,425	2,150	(26,453)	–
Total revenue	**447,771**	**150,717**	**3,043**	**(26,453)**	**575,078**
Results:					
Segment results	72,329	33,577	230	–	106,136
Unallocated expenses					(59,513)
Interest income					1,096
Depreciation and amortisation	(5,399)	(1,867)	(353)	–	(7,619)
Unallocated depreciation and amortisation					(8,316)
Impairment loss on property, plant and equipment	(211)	–	–	–	(211)
(Impairment)/write-back of accrued income	(138)	163	–	–	25
Impairment of trade receivables	–	(2,857)	(126)	–	(2,983)
Finance costs					(1,050)
Share of results of associates	–	–	410	–	410
Profit before taxation					27,975
Income tax expense					(5,695)
Profit for the year					**22,280**

B) Geographical Segment

	Singapore	Malaysia	UAE	Others	Elimina-tions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2017						
Revenue	261,262	1,985	120,334	34,998	–	418,579
Inter-segment sales	26,071	19	–	3,691	(29,781)	–
Segment Revenue	**287,333**	**2,004**	**120,334**	**38,689**	**(29,781)**	**418,579**
2016						
Revenue	235,727	47,983	239,151	52,217	–	575,078
Inter-segment sales	25,917	15	–	521	(26,453)	–
Segment Revenue	**261,644**	**47,998**	**239,151**	**52,738**	**(26,453)**	**575,078**

	Singapore	Malaysia	UAE	Others	Elimina-tions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2017						
Asset:						
Non-current assets	113,843	3,888	8,326	13,951	(41,495)	98,513
2016						
Asset:						
Non-current assets	124,501	4,492	9,853	13,971	(43,655)	109,162

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The decrease in revenue in FY2017 was mainly due to decrease in revenue from overseas project works following the completion of projects in FY2016.

The decrease in gross profit in FY2017 was mainly attributable to decrease in profit contribution from completed overseas project works

The increase in margin in FY2017 was mainly due to additional work arising from maintenance activities in Q4FY2017

17. A breakdown of sales as follows:

	Group		
	FY2017	FY2016	
	S$'000	S$'000	Change %
(a) Sales reported for first half year	201,400	314,692	(36%)
(b) Operating profit after tax before deducting minority interests reported for first half year	5,598	10,747	(48%)
(c) Sales reported for second half year	217,179	260,386	(17%)
(d) Operating profit after tax before deducting minority interests reported for second half year	8,284	11,533	(28%)

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18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	FY2017	FY2016
	S$'000	S$'000
Ordinary	5,092	5,063
Special	1,273	2,531
Total	6,365	7,594

19. Disclosure of persons occupying managerial position in the Company 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	52	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) General Manager of PEC Technology Consultancy Services (Huizhou) Ltd since 2004. (iii) General Manager of PEC Construction Equipment Leasing Company (Huizhou) Ltd since 2005. (iv) Executive Director of Huizhou Tianxin Petrochemical Engineering Co., Ltd since 2005.	None

BY ORDER OF THE BOARD

Edna Ko Poh Thim
Executive Chairman
28th August 2017