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 2018

The Directors are pleased to announce the operating results of the Group and the Company for the period ended 30 June 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 fourth quarter ("Q4") and full year ("FY") ended 30 June 2018:

	Group			Group		
	Q4 2018	Q4 2017	Change	FY 2018	FY 2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	88,476	106,282	(17%)	335,912	418,579	(20%)
Cost of sales	(63,625)	(77,291)	(18%)	(250,557)	(334,698)	(25%)
Gross profit	**24,851**	**28,991**	**(14%)**	**85,355**	**83,881**	**2%**
Gross profit margin	28%	27%		25%	20%	
Other operating income	1,176	726	62%	3,047	9,672	(68%)
Administrative expenses	(7,687)	(6,886)	12%	(28,124)	(27,852)	1%
Other operating expenses	(11,134)	(15,639)	(29%)	(45,846)	(50,381)	(9%)
Finance expenses	(87)	(151)	(42%)	(398)	(619)	(36%)
Share of results of associate	30	195	(85%)	311	587	(47%)
Profit before taxation	**7,149**	**7,236**	**(1%)**	**14,345**	**15,288**	**(6%)**
Income tax expense	(912)	(556)	64%	(2,649)	(1,406)	88%
Profit after taxation	**6,237**	**6,680**	**(7%)**	**11,696**	**13,882**	**(16%)**
Attributable to:						
Equity holders of the Company	6,096	7,032	(13%)	10,428	15,696	(34%)
Non-controlling interests	141	(352)	NM	1,268	(1,814)	NM
	6,237	**6,680**	**(7%)**	**11,696**	**13,882**	**(16%)**
Other comprehensive income:						
Items *that may be reclassified subsequently to profit or loss:*						
Net change in fair value reserve	(1)	(4)	(75%)	1	(12)	NM
Foreign currency translation	972	(220)	NM	409	(1,672)	NM
Total other comprehensive income for the year, net of tax	971	(224)	NM	410	(1,684)	NM
Total comprehensive income for the period	**7,208**	**6,456**	**12%**	**12,106**	**12,198**	**(1%)**
Total comprehensive income attributable to:						
Owners of the Company	7,123	6,791	5%	10,851	14,111	(23%)
Non-controlling interests	85	(335)	NM	1,255	(1,913)	NM
	7,208	**6,456**	**12%**	**12,106**	**12,198**	**(1%)**

Denotes: NM – not meaningful

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

	Group		Group	
	Q4 2018	Q4 2017	FY 2018	FY 2017
	S$'000	S$'000	S$'000	S$'000
Amortisation of land use rights	(7)	(6)	(25)	(24)
Amortisation of intangible assets	(34)	(33)	(134)	(140)
Depreciation of property, plant and equipment	(3,174)	(3,569)	(12,612)	(14,779)
Depreciation of investment property	(44)	(46)	(175)	(184)
Share-based compensation expenses	(32)	(37)	(263)	(694)
Impairment of trade receivables, net	(428)	120	(398)	400
Interest expense	(59)	(91)	(231)	(367)
Exchange gain/(loss), net	1,697	(692)	(144)	3,347
(Loss)/gain on disposal of property, plant and equipment, net	(6)	16	(66)	(5)
Net (loss)/gain on liquidation of subsidiaries	(304)	23	(243)	(346)
Gain on disposal of investment property	–	–	73	–
Interest income	185	213	878	1,118
Sundry income	327	375	786	3,037

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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 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	77,691	83,723	38,839	43,123
Investment property	6,911	7,372	–	–
Investment securities	6	6	6	6
Investment in subsidiaries	–	–	41,495	41,494
Investment in an associate	5,032	4,965	354	354
Intangible assets	1,657	1,792	38	59
Land use rights	645	661	–	–
Deferred tax assets	1,881	1,102	–	577
Trade receivables	1,652	2,218	–	–
	95,475	101,839	80,732	85,613
Current assets				
Contracts-in-progress (net of progress billings)	13,366	6,167	9,007	4,652
Accrued income	46,762	38,949	37,320	31,859
Inventories	373	277	–	–
Trade receivables	92,725	111,633	43,769	51,251
Other receivables and deposits	6,626	5,459	7,231	7,325
Prepayments	4,113	4,605	2,829	1,564
Amounts due from subsidiaries	–	–	10,532	6,966
Cash and short-term deposits	86,795	107,022	46,615	51,115
	250,760	274,112	157,303	154,732
Total Assets	**346,235**	**375,951**	**238,035**	**240,345**
EQUITIES AND LIABILITIES				
Current liabilities				
Progress billings in excess of costs	1,305	38,851	728	512
Trade payables	17,668	27,011	18,772	20,547
Other payables and accruals	70,439	61,981	33,804	33,710
Provisions	6,029	2,654	1,760	1,835
Loans and borrowings	766	788	28	56
Income tax payable	475	303	–	–
	96,682	131,588	55,092	56,660
Net current assets	**154,078**	**142,524**	**102,211**	**98,072**
Non-current liabilities				
Provisions	1,238	1,364	1,238	1,238
Loans and borrowings	7,721	8,713	–	68
Deferred tax liabilities	521	427	39	–
	9,480	10,504	1,277	1,306
Total Liabilities	**106,162**	**142,092**	**56,369**	**57,966**
Net assets	**240,073**	**233,859**	**181,666**	**182,379**
Equity attributable to owners of the Company				
Share capital	58,836	58,481	58,836	58,481
Treasury shares	(120)	(214)	(120)	(214)
Statutory reserve	2,481	2,553	–	–
Fair value reserve	(11)	(12)	(11)	(12)
Retained earnings	174,077	170,021	122,839	123,703
Premium paid on acquisition of non-controlling interests	(2,189)	(2,189)	–	–
Foreign currency translation reserve	(2,037)	(2,457)	–	–
Share based payment reserve	122	421	122	421
	231,159	**226,604**	**181,666**	**182,379**
Non-controlling interests	8,914	7,255	–	–
Total Equity	**240,073**	**233,859**	**181,666**	**182,379**
Total equity and liabilities	**346,235**	**375,951**	**238,035**	**240,345**

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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 2018		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
766	–	788	–

Amount repayable after one year

As at 30 June 2018		As at 30 June 2017	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
7,721	–	8,713	–

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 2018	FY 2017
	S$'000	S$'000
Cash flows from operating activities		
Profit before taxation	14,345	15,288
Adjustments for:		
Depreciation of property, plant and equipment	12,612	14,779
Depreciation of investment property	175	184
Loss on disposal of property, plant and equipment, net	66	5
Gain on disposal of investment property	(73)	–
Gain on disposal of intangible asset	–	(75)
Net loss on liquidation of subsidiary	243	346
Share-based compensation expenses	263	694
Impairment of trade receivables, net	398	(400)
Provision, net	3,245	(109)
Foreign exchange differences	(99)	(2,284)
Amortisation of land use rights	25	24
Amortisation of intangible assets	134	140
Share of results of associate	(311)	(587)
Interest income	(878)	(1,118)
Interest expense	231	367
Operating cash flows before working capital changes	**30,376**	**27,254**
(Increase)/decrease in contracts-in-progress	(44,398)	5,359
Increase in accrued income	(7,731)	(18,758)
(Increase)/decrease in inventories	(95)	27
Decrease/(increase) in trade and other receivables and prepayments	18,069	(27,713)
Increase/(decrease) in trade and other payables and accruals	(776)	(8,048)
Cash flows used in operations	**(4,555)**	**(21,879)**
Tax paid	(3,157)	(4,591)
Interest paid	(231)	(367)
Interest received	878	1,118
Net cash flows used in operating activities	**(7,065)**	**(25,719)**
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	263	179
Proceeds from disposal of investment property	455	–
Proceeds from disposal of intangible assets	–	125
Net cash outlow from disposal of subsidiaries	(65)	(583)
Dividend income from associate	245	428
Purchase of property, plant and equipment	(6,907)	(4,880)
Net cash flows used in investing activities	**(6,009)**	**(4,731)**
Cash flows from financing activities		
Repayment of borrowings	(1,365)	(6,149)
Purchase of treasury shares	(120)	–
Proceeds from borrowings	290	–
Changes in bank deposits pledged	–	51
Dividends paid on ordinary shares	(6,365)	(7,594)
Dividends paid to non-controlling interests	–	(1,289)
Net cash flows used in financing activities	**(7,560)**	**(14,981)**
Net decrease in cash and cash equivalents	**(20,634)**	**(45,431)**
Effect of exchange rate changes on cash and cash equivalents	345	1,890
Cash and cash equivalents at beginning of the year	**107,022**	**150,563**
Cash and cash equivalents at end of the year	**86,733**	**107,022**

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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 2017	**58,481**	**(214)**	**2,553**	**170,021**	**(12)**	**(2,189)**	**(2,457)**	**421**	**226,604**	**7,255**	**233,859**
Total comprehensive income	–	–	–	1,361	–	–	(511)	–	850	434	1,284
Grant of performance share to employees	–	–	–	–	–	–	–	82	82	–	82
At 30 September 2017	**58,481**	**(214)**	**2,553**	**171,382**	**(12)**	**(2,189)**	**(2,968)**	**503**	**227,536**	**7,689**	**235,225**
Total comprehensive income	–	–	–	1,700	1	–	(173)	–	1,528	70	1,598
Disposal of subsidiary	–	–	(72)	–	–	–	–	–	(72)	–	(72)
Grant of performance share to employees	–	–	–	–	–	–	–	83	83	–	83
Dividends on ordinary shares	–	–	–	(6,365)	–	–	–	–	(6,365)	–	(6,365)
At 31 December 2017	**58,481**	**(214)**	**2,481**	**166,717**	**(11)**	**(2,189)**	**(3,141)**	**586**	**222,710**	**7,759**	**230,469**
Total comprehensive income	–	–	–	1,271	1	–	76	–	1,348	667	2,015
Issued new ordinary shares	355	–	–	–	–	–	–	(355)	–	–	–
Grant of performance share to employees	–	–	–	–	–	–	–	66	66	–	66
Treasury shares reissued pursuant to performance share plans	–	214	–	(7)	–	–	–	(207)	–	–	–
At 31 March 2018	**58,836**	**–**	**2,481**	**167,981**	**(10)**	**(2,189)**	**(3,065)**	**90**	**224,124**	**8,426**	**232,550**
Total comprehensive income	–	–	–	6,096	(1)	–	1,028	–	7,123	85	7,208
Purchase of treasury shares	–	(120)	–	–	–	–	–	–	(120)	–	(120)
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	403	403
Grant of performance share to employees	–	–	–	–	–	–	–	32	32	–	32
At 30 June 2018	**58,836**	**(120)**	**2,481**	**174,077**	**(11)**	**(2,189)**	**(2,037)**	**122**	**231,159**	**8,914**	**240,073**

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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 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
Share issuance expense	–	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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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**
Total comprehensive income	–	–	283	–	–	283
Grant of performance share to employees	–	–	–	–	82	82
At 30 September 2017	**58,481**	**(214)**	**123,986**	**(12)**	503	**182,744**
Total comprehensive income	–	–	(2,722)	1	–	(2,721)
Grant of performance share to employees	–	–	–	–	83	83
Dividends on ordinary shares	–	–	(6,365)	–	–	(6,365)
At 31 December 2017	**58,481**	**(214)**	**114,899**	**(11)**	586	**173,741**
Total comprehensive income	–	–	(1,999)	1	–	(1,998)
Issued new ordinary shares	355	–	–	–	(355)	–
Grant of performance share to employees	–	–	–	–	66	66
Treasury shares reissued pursuant to performance share plans	–	214	(7)	–	(207)	–
At 31 March 2018	**58,836**	**–**	**112,893**	**(10)**	90	**171,809**
Total comprehensive income	–	–	9,946	(1)	–	9,945
Purchase of treasury shares	–	(120)	–	–	–	(120)
Grant of performance share to employees	–	–	–	–	32	32
At 30 June 2018	**58,836**	**(120)**	**122,839**	**(11)**	**122**	**181,666**

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**

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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.

	Number of Shares	
Issued and fully paid ordinary shares:	As at 30 Jun 2018	As at 30 Jun 2017
As at beginning of year	254,617,792	253,125,600
Issued new ordinary shares	557,763	–
Purchase of treasury shares	(200,000)	–
Reissued of treasury shares	539,184	1,492,192
As at end of year	255,514,739	254,617,792

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 Jun 2018	As at 30 Jun 2017
Total number of issued shares excluding treasury shares	255,514,739	254,617,792

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 reported on.

	Number of Shares	
Treasury shares:	As at 30 Jun 2018	As at 30 Jun 2017
As at beginning of year	539,208	2,031,400
Purchase of treasury shares	200,000	–
Reissued of treasury shares	(539,184)	(1,492,192)
As at end of year	200,024	539,208

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.

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 2017.

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 2018	**Q4 2017**	**FY 2018**	**FY 2017**
Weighted average number of ordinary shares for basic earnings per share computation ('000)	255,002	253,682	255,002	253,682
Effect of dilution				
-Performance share plan ('000)	1,141	2,238	1,141	2,238
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	256,143	255,920	256,143	255,920
Earnings per share (cents per share)				
- Basic	2.4	2.8	4.1	6.2
- Diluted	2.4	2.7	4.1	6.1

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 2018	**30 Jun 2017**	**30 Jun 2018**	**30 Jun 2017**
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	90.5	89.0	71.1	71.6
No. of shares in computing NAV ('000)	255,515	254,618	255,515	254,618

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 2017-18

Revenue

The Group's revenue decreased by S$82.7 million from S$418.6 million in FY2017 to S$335.9 million in FY2018. This was mainly due to a decrease in revenue from project works following the completion of projects in FY2017. The decrease was partially offset by an increase in revenue from overseas maintenance services.

Cost of sales

The Group's cost of sales also decreased by S$84.1 million from S$334.7 million in FY2017 to S$250.6 million in FY2018 mainly due to lower direct costs following the completion of project works and projects settlement.

Gross profit and gross profit margin

The Group's gross profit increased by S$1.5 million from S$83.9 million in FY2017 to S$85.4 million in FY2018. This was mainly due to increase in profit contribution from maintenance services resulting from higher volume of overseas maintenance activities. The increase was offset by a decrease in profit contribution from project works.

The increase in gross profit margin from 20% in FY2017 to 25% in FY2018 was mainly due to projects settlement.

Other operating income

The Group's other operating income decreased by S$6.7 million from S$9.7 million in FY2017 to S$3.0 million in FY2018. This was mainly due to decrease in grant and incentive received, interest income, GST tax refund, insurance claims and write back of doubtful debt in FY2018. The decrease was also due to a gain on exchange of S$3.3 million in FY2017, primarily resulting from an appreciation in USD.

Administrative expenses

Administrative expenses increased by S$0.2 million from S$27.9 million in FY2017 to S$28.1 million in FY2018. This was mainly due to increase in salaries cost. The increase was offset by decrease in legal and professional fees, provision for bonus incentive and share-based compensation expenses.

Other operating expenses

Other operating expenses decreased by S$4.6 million from S$50.4 million in FY2017 to S$45.8 million in FY2017. This was substantially due to a decrease in depreciation, workers accommodation expenses and provision of legal and settlement fee of S$ 1.6 million for a subsidiary, Major Insulation & Links (MIL) Marketing Pte Ltd in Q1FY2017, following a court assessment on damages claimed by the customer. The subsidiary was ordered to be wound up on 24 March 2017.

Finance Expenses

The Group's finance expenses decreased by S$0.2 million from S$0.6 million in FY2017 to S$0.4 million in FY2018. This was mainly due to decrease in bank charges for bank guarantees issuance, interest on loans and short term financings.

Share of results of associates

Share of results of associates decreased by S$0.3 million from S$0.6 million in FY2017 to S$0.3 million in FY2018 as a result of competitive environment.

Taxation

The effective tax rate increased from 9.2% in FY2017 to 18.5% in FY2018. The increase was mainly attributable to withholding tax for revenue received in Singapore from a foreign country.

Balance Sheet Review

The Group non-current assets decreased by S$6.3 million from S$101.8 million in FY2017 to S$95.5 million in FY2018. This was due to decrease in investment property, property, plant and equipment, trade receivables relates to retention money for projects. The decease was offset by an increase in deferred tax assets.

The Group's current assets decreased by S$23.3 million from S$274.1 million in FY2017 to S$250.8 million in FY2018. This was mainly due to decrease in trade receivables, cash and short-term deposits and prepaymetns. The decrease was offset by increase in contracts-in-progress, accrued income, other receivables and deposits.

Of the S$92.7 million trade receivables as at 30 June 2018, approximately S$62.6million relates to past due receivables. As at 28 August 2018, the Group has collected approximately S$5.1 million out of S$ 62.6 million subsequent to 30 June 2018 and collections are continuing.

The Group's current liabilities decreased by S$34.9 million from S$131.6 million in FY2017 to S$96.7 million in FY2018. This was mainly due to decrease in progress billings in excess of costs and trade payables. The decrease was offset by an increase in other payables and accruals, provisions and income tax payable.

The Group's non-current liabilities decreased by S$1.0 million from S$10.5 million in FY2017 to S$9.5 million in FY2018. This was mainly due to partial loan repayment to the banks.

Cash Flow Review

Net cash used in operating activities for the Group in FY2018 was S$7.0 million.

Net cash used in investing activities for the Group in FY2018 was S$6.0 million. This was mainly attributable to investment in industrial land in Vietnam, purchase of construction equipment, motor vehicles and office equipment to support the business operation. The amount was partially offset by dividend income from associate and proceeds from disposal of non-current assets.

The Group had used S$7.6 million in financing activities in FY2018 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$20.6 million to S$86.7 million in FY2018.

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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.

Demand for refined oil products, petrochemicals and chemicals is expected to remain firm over the medium term. This, and the increase in oil prices as well as the need to comply with stricter energy and environmental regulations have resulted in higher capital expenditures in the downstream facilities, which add to the improving prospects in the process industry. These, however, could be hindered by growing trade tensions and other geopolitical factors.

We are seeing a steady level of enquiries for oil and gas projects in the region, however competition remains intense and PEC will exercise caution in bidding for new contracts. The Group continues to maintain its competitive edge with its ongoing investment in skills training, processes and new technologies that improve safety and productivity.

The orderbook stands at S$46.5 million as at 30 June 2018, 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:

	FY2018
Name of dividend	Final
Dividend type	Cash
Ordinary Dividend	2.0 cents 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.

	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

(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 2018 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
2018					
Revenue	108,838	226,552	522	–	335,912
Inter-segment sales	23,292	17,288	1,741	(42,321)	–
Total revenue	**132,130**	**243,840**	**2,263**	**(42,321)**	**335,912**
Results:					
Segment results	30,316	54,848	191	–	85,355
Unallocated expenses					(58,457)
Interest income					878
Depreciation and amortisation	(4,444)	(1,383)	(137)	–	(5,964)
Unallocated depreciation and amortisation					(6,982)
Allowance of trade receivables	(8)	(390)	–	–	(398)
Finance costs					(398)
Share of results of associates	–	–	311	–	311
Profit before taxation					14,345
Income tax expense					(2,649)
Profit for the year					**11,696**
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					(54,952)
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	–	–	400
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**

B) Geographical Segment

	Singapore	Malaysia	UAE	Others	Elimina-tions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2018						
Revenue	211,971	2,643	44,622	76,676	–	335,912
Inter-segment sales	25,702	196	–	16,423	(42,321)	–
Segment Revenue	**237,673**	**2,839**	**44,622**	**93,099**	**(42,321)**	**335,912**
2017						
Revenue	252,369	1,985	120,334	43,891	–	418,579
Inter-segment sales	26,071	19	–	3,690	(29,780)	–
Segment Revenue	**278,440**	**2,004**	**120,334**	**47,581**	**(29,780)**	**418,579**

	Singapore	Malaysia	UAE	Others	Elimina-tions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2018						
Asset:						
Non-current assets	109,002	3,859	6,731	15,491	(41,495)	93,588
2017						
Asset:						
Non-current assets	116,061	3,888	8,326	13,951	(41,495)	100,731

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 FY2018 was mainly due to decrease in revenue from project works in UAE and Singapore following the completion of projects. The decrease was partially offset by an increase in revenue from overseas maintenance services.

The increase in gross profit margin in FY2018 was mainly due to projects settlement.

17. A breakdown of sales as follows:

	Group		
	FY2018	FY2017	
	S$'000	S$'000	Change %
(a) Sales reported for first half year	151,828	201,400	(25%)
(b) Operating profit after tax before deducting minority interests reported for first half year	3,576	5,598	(36%)
(c) Sales reported for second half year	184,084	217,179	(15%)
(d) Operating profit after tax before deducting minority interests reported for second half year	8,120	8,284	(2%)

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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:

	FY2018 S$'000	FY2017 S$'000
Ordinary	5,110	5,092
Special	Nil	1,273
Total	5,110	6,365

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	53	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
29th August 2018