



## **PEC LTD.**

14 International Business Park, Singapore 609922  
Tel: 6268 9788 Fax: 6268 9488 www.peceng.com  
Co. Reg. No: 198200079M

# **CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2023**

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## A. Condensed interim consolidated statement of profit or loss and other comprehensive income

Results for first half ("1H") ended 31 December 2023:

Note	Group		Change
	1H 2024	1H 2023	
	S\$'000	S\$'000	%
<b>Revenue</b>	287,021	190,964	50%
Cost of sales	(230,576)	(146,575)	57%
<b>Gross profit</b>	<b>56,445</b>	<b>44,389</b>	27%
Gross profit margin	20%	23%	
Other operating income	2,351	1,796	31%
Administrative expenses	(17,824)	(16,008)	11%
Write back on financial assets and contract assets	28	15	87%
Other operating expenses	(31,492)	(24,000)	31%
Finance expenses	(1,042)	(601)	73%
<b>Profit before taxation</b>	<b>8,466</b>	<b>5,591</b>	51%
Income tax expense	(1,585)	(2,081)	(24%)
<b>Profit after taxation</b>	<b>6,881</b>	<b>3,510</b>	96%
<b>Profit for the period attributable to:</b>			
Owners of the Company	5,208	2,862	82%
Non-controlling interests	1,673	648	158%
	<b>6,881</b>	<b>3,510</b>	96%
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation	(2,198)	(5,133)	(57%)
<i>Items that will not be reclassified to profit or loss:</i>			
Net fair value changes on equity instrument at fair value through other comprehensive income	–	–	NM
<b>Total other comprehensive income for the period, net of tax</b>	<b>(2,198)</b>	<b>(5,133)</b>	(57%)
<b>Total comprehensive income for the period</b>	<b>4,683</b>	<b>(1,623)</b>	NM
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	3,062	(1,884)	NM
Non-controlling interests	1,621	261	521%
	<b>4,683</b>	<b>(1,623)</b>	NM
<b>Earnings per share:</b>			
Basic and diluted (SGD in cent)	2.0	1.1	

Denotes: NM – not meaningful



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## B. Condensed interim statements of financial position

	Group		Company	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	76,156	74,124	30,993	33,146
Investment property	2,855	2,900	–	–
Investment securities	1	1	1	1
Investment in subsidiaries	–	–	53,039	53,285
Intangible assets	42	41	42	41
Prepayments	721	797	–	–
Deferred tax assets	2,866	3,019	2,053	2,053
Right-of-use assets	37,249	39,239	13,688	14,313
	<u>119,890</u>	<u>120,121</u>	<u>99,816</u>	<u>102,839</u>
<b>Current assets</b>				
Asset held for sale	1,399	1,411	–	–
Contract assets	57,149	48,105	20,896	26,006
Inventories	493	601	–	–
Trade receivables	125,730	98,637	75,908	67,182
Other receivables and deposits	8,850	8,231	3,113	2,879
Prepayments	2,152	1,731	1,253	736
Capitalised contract costs	4,486	5,880	–	–
Amounts due from subsidiaries	–	–	30,903	19,916
Cash and short-term deposits	112,334	126,142	37,941	42,696
	<u>312,593</u>	<u>290,738</u>	<u>170,014</u>	<u>159,415</u>
<b>Total Assets</b>	<b><u>432,483</u></b>	<b><u>410,859</u></b>	<b><u>269,830</u></b>	<b><u>262,254</u></b>
<b>EQUITY AND LIABILITIES</b>				
<b>Current liabilities</b>				
Contract liabilities	26,261	5,941	8,961	1,987
Trade payables	32,144	36,934	19,948	16,571
Other payables and accruals	74,564	64,228	39,191	33,834
Provisions	9,206	10,284	2,232	2,245
Loans and borrowings	2,369	3,988	2,083	2,708
Lease liabilities	2,808	3,034	1,144	1,129
Income tax payable	2,016	1,336	528	775
	<u>149,368</u>	<u>125,745</u>	<u>74,087</u>	<u>59,249</u>
<b>Net current assets</b>	<b>163,225</b>	<b>164,993</b>	<b>95,927</b>	<b>100,166</b>
<b>Non-current liabilities</b>				
Provisions	3,109	3,058	2,951	2,903
Loans and borrowings	2,059	2,307	–	–
Lease liabilities	35,737	37,148	13,382	13,950
Deferred tax liabilities	142	143	–	–
	<u>41,047</u>	<u>42,656</u>	<u>16,333</u>	<u>16,853</u>
<b>Total Liabilities</b>	<b><u>190,415</u></b>	<b><u>168,401</u></b>	<b><u>90,420</u></b>	<b><u>76,102</u></b>
<b>Net assets</b>	<b><u>242,068</u></b>	<b><u>242,458</u></b>	<b><u>179,410</u></b>	<b><u>186,152</u></b>
<b>Equity attributable to owners of the Company</b>				
Share capital	58,836	58,836	58,836	58,836
Treasury shares	(1,394)	(1,076)	(1,394)	(1,076)
Statutory reserve	2,480	2,480	–	–
Fair value reserve	(12)	(12)	(12)	(12)
Retained earnings	182,991	182,858	121,060	127,804
Premium paid on acquisition of non-controlling interests	(4,841)	(4,841)	–	–
Foreign currency translation reserve	(7,473)	(5,327)	–	–
Share-based compensation reserve	920	600	920	600
	<u>231,507</u>	<u>233,518</u>	<u>179,410</u>	<u>186,152</u>
<b>Non-controlling interests</b>	<b>10,561</b>	<b>8,940</b>	<b>–</b>	<b>–</b>
<b>Total Equity</b>	<b><u>242,068</u></b>	<b><u>242,458</u></b>	<b><u>179,410</u></b>	<b><u>186,152</u></b>
<b>Total equity and liabilities</b>	<b><u>432,483</u></b>	<b><u>410,859</u></b>	<b><u>269,830</u></b>	<b><u>262,254</u></b>



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## C. Condensed interim statements of changes in equity

	----- 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	Share-based compensation reserve	Foreign currency translation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2023</b>	<b>58,836</b>	<b>(1,076)</b>	<b>2,480</b>	<b>182,858</b>	<b>(12)</b>	<b>(4,841)</b>	<b>600</b>	<b>(5,327)</b>	<b>233,518</b>	<b>8,940</b>	<b>242,458</b>
Total comprehensive income	-	-	-	5,208	-	-	-	(2,146)	3,062	1,621	4,683
Dividends on ordinary shares	-	-	-	(5,075)	-	-	-	-	(5,075)	-	(5,075)
Purchase of treasury shares	-	(318)	-	-	-	-	-	-	(318)	-	(318)
Grant of performance shares to employees	-	-	-	-	-	-	320	-	320	-	320
<b>At 31 December 2023</b>	<b>58,836</b>	<b>(1,394)</b>	<b>2,480</b>	<b>182,991</b>	<b>(12)</b>	<b>(4,841)</b>	<b>920</b>	<b>(7,473)</b>	<b>231,507</b>	<b>10,561</b>	<b>242,068</b>

	----- 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	Share-based compensation reserve	Foreign currency translation reserve	Equity attributable to owners of the company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2022</b>	<b>58,836</b>	<b>(576)</b>	<b>2,481</b>	<b>184,989</b>	<b>(12)</b>	<b>(4,841)</b>	<b>609</b>	<b>81</b>	<b>241,567</b>	<b>8,545</b>	<b>250,112</b>
Total comprehensive income	-	-	-	2,862	-	-	-	(4,746)	(1,884)	261	(1,623)
Dividends on ordinary shares	-	-	-	(8,907)	-	-	-	-	(8,907)	-	(8,907)
Purchase of treasury shares	-	(94)	-	-	-	-	-	-	(94)	-	(94)
Liquidation of subsidiary	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Grant of performance shares to employees	-	-	-	-	-	-	471	-	471	(232)	239
<b>At 31 December 2022</b>	<b>58,836</b>	<b>(670)</b>	<b>2,480</b>	<b>178,944</b>	<b>(12)</b>	<b>(4,841)</b>	<b>1,080</b>	<b>(4,665)</b>	<b>231,152</b>	<b>8,574</b>	<b>239,726</b>



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## C. Condensed interim statements of changes in equity (cont'd)

<u>COMPANY</u>	Share Capital	Treasury shares	Retained earnings	Share-based compensation reserve	Fair value reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2023</b>	<b>58,836</b>	<b>(1,076)</b>	<b>127,804</b>	<b>600</b>	<b>(12)</b>	<b>186,152</b>
Total comprehensive income	–	–	(1,669)	–	–	(1,669)
Dividends on ordinary shares	–	–	(5,075)	–	–	(5,075)
Purchase of treasury shares	–	(318)	–	–	–	(318)
Grant of performance shares to employees	–	–	–	320	–	320
<b>At 31 December 2023</b>	<b>58,836</b>	<b>(1,394)</b>	<b>121,060</b>	<b>920</b>	<b>(12)</b>	<b>179,410</b>

<u>COMPANY</u>	Share Capital	Treasury shares	Retained earnings	Share-based compensation reserve	Fair value reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 1 July 2022</b>	<b>58,836</b>	<b>(576)</b>	<b>124,779</b>	<b>609</b>	<b>(12)</b>	<b>183,636</b>
Total comprehensive income	–	–	(675)	–	–	(675)
Dividends on ordinary shares	–	–	(8,907)	–	–	(8,907)
Purchase of treasury shares	–	(94)	–	–	–	(94)
Grant of performance shares to employees	–	–	–	471	–	471
<b>At 31 December 2022</b>	<b>58,836</b>	<b>(670)</b>	<b>115,197</b>	<b>1,080</b>	<b>(12)</b>	<b>174,431</b>



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## D. Condensed interim consolidated statement of cash flows

	Group	
	1H 2024	1H 2023
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Profit before taxation	8,466	5,591
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	5,695	5,714
Depreciation of investment properties	43	70
Loss on disposal of property, plant and equipment, net	37	16
Gain on disposal of investment property	–	(132)
Write back on financial assets and contract assets	(28)	(15)
Gain on disposal of subsidiary	–	(18)
Provision, net	(982)	1,071
Unrealised exchange differences	(199)	873
Amortisation of intangible assets	4	4
Amortisation of capitalised contract costs	1,811	7
Depreciation of right-of-use assets	1,670	1,240
Share-based payment expense	320	471
Interest income	(1,363)	(870)
Interest expense	1,042	601
<b>Operating cash flows before working capital changes</b>	<b>16,516</b>	<b>14,623</b>
(Increase)/decrease in contract assets	(8,207)	7,515
Increase in contract liabilities	20,320	12,879
Increase in capitalised contract costs	(419)	(2)
Decrease in inventories	107	281
Increase in trade receivables, other receivables and deposits, and prepayments	(29,099)	(21,411)
Increase/(decrease) in trade and other payables and accruals	6,245	(9,318)
<b>Cash flows generated from operations</b>	<b>5,463</b>	<b>4,567</b>
Tax paid	(728)	(3,515)
Interest paid	(1,249)	(539)
Interest received	1,363	870
<b>Net cash flows generated from operating activities</b>	<b>4,849</b>	<b>1,383</b>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	144	118
Acquisition of intangible assets	(5)	–
Proceeds from disposal of investment property	–	470
Purchase of property, plant and equipment	(8,896)	(2,335)
<b>Net cash flows used in investing activities</b>	<b>(8,757)</b>	<b>(1,747)</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	553	880
Repayment of loans and borrowings	(2,422)	(6,068)
Leases paid at lease commencement	–	(24)
Dividends paid on ordinary shares	(5,075)	(8,907)
Purchase of treasury shares	(318)	(94)
Payment of principal portion of lease liabilities	(1,036)	(909)
<b>Net cash flows used in financing activities</b>	<b>(8,298)</b>	<b>(15,122)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(12,206)</b>	<b>(15,486)</b>
Effect of exchange rate changes on cash and cash equivalents	(1,602)	(3,639)
<b>Cash and cash equivalents at beginning of the period</b>	<b>126,142</b>	<b>157,645</b>
<b>Cash and cash equivalents at end of the period</b>	<b>112,334</b>	<b>138,520</b>



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## **E. Notes to the condensed interim consolidated financial statements**

### **1. CORPORATE INFORMATION**

PEC Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the Group).

The registered office and principal place of business of the Company is located at 14 International Business Park, Singapore 609922.

The principal activities of the Company are the provision of mechanical engineering and contracting services.

### **2. Basis of preparation**

In accordance with Rule 705(3A), the condensed interim consolidated financial statements for the six months ended 31 December 2023 of the Group and the balance sheet of the Company have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2023.

The condensed interim consolidated financial statements are presented in Singapore Dollars (SGD or \$), and have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

### **3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS**

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

In the process of applying the Group's accounting policies, management has not made any significant judgments, which have a significant effect on the carrying amounts of assets and liabilities recognised in the financial statements within the next financial period.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### *a) Recognition of contract revenue*

Contract revenue comprises the initial amount of revenue agreed in the contracts, including variation orders. The Group recognises certain contract revenue over time, based on the contract costs incurred to date as a proportion of the estimated total contract costs to be incurred. Significant assumptions are required in determining the total contract costs and the recoverable amount of variation works that affect the completion progress and the amount of revenue recognised. In making these estimates, management has relied on past experience and knowledge of the project managers.



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### 3. KEY ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS (cont'd)

#### b) *Provision for expected credit losses on trade receivables*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on geographical region. The ECLs also incorporate forward-looking information such as forecasted oil prices.

The assessment of the historical observed default rates and forward-looking information involves significant estimates and judgement. The Group's historical credit loss experience and the forecasted oil prices may also not be representative of customer's actual default in the future.

### 4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 5. Segment information

Segmented 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's segmental results for the period ended 31 December 2023 is as follows:

These operating segments are reported in a manner consistent with internal reporting provided to the Executive Directors who are responsible for allocating resources and assessing performance of the operating segments.





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## 5. Segment information (cont'd)

### A) Business Segment

	Project works S\$'000	Plant maintenance and related services S\$'000	Other operations S\$'000	Eliminations S\$'000	Total S\$'000
<b>1H 2024</b>					
Revenue	153,353	133,487	181	–	287,021
Inter-segment sales	14,312	24,170	946	(39,428)	–
<b>Total revenue</b>	<b>167,665</b>	<b>157,657</b>	<b>1,127</b>	<b>(39,428)</b>	<b>287,021</b>
<b>Gross profit:</b>					
Segment results	27,933	28,478	34	–	56,445
Unallocated expenses and income, net					(40,916)
Interest income					1,363
Depreciation and amortisation	(4,212)	(899)	(40)	–	(5,151)
Unallocated depreciation and amortisation					(2,261)
Write back on financial assets and contract assets, net	36	–	(8)	–	28
Finance expenses					(1,042)
Profit before taxation					8,466
Income tax expense					(1,585)
<b>Profit for the period</b>					<b>6,881</b>
<b>Assets:</b>					
Additions to property, plant and equipment	7,288	1,540	68	–	8,896
<b>1H 2023</b>					
Revenue	90,087	100,733	144	–	190,964
Inter-segment sales	10,666	6,060	1,197	(17,923)	–
<b>Total revenue</b>	<b>100,753</b>	<b>106,793</b>	<b>1,341</b>	<b>(17,923)</b>	<b>190,964</b>
<b>Gross profit:</b>					
Segment results	19,136	25,231	22	–	44,389
Unallocated expenses and income, net					(32,054)
Interest income					870
Depreciation and amortisation	(3,631)	(977)	(62)	–	(4,670)
Unallocated depreciation and amortisation					(2,358)
Impairment losses on financial assets and contract assets, net	–	15	–	–	15
Finance expenses					(601)
Profit before taxation					5,591
Income tax expense					(2,081)
<b>Profit for the period</b>					<b>3,510</b>
<b>Assets:</b>					
Additions to property, plant and equipment	166	459	471		1,096



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## 5. Segment information (cont'd)

### B) Geographical Segment

	Singapore S\$'000	China S\$'000	Middle East S\$'000	South Asia S\$'000	Eliminations S\$'000	Total S\$'000
<b>1H 2024</b>						
Revenue	162,662	39,595	28,196	56,568	–	287,021
Inter-segment sales	11,915	–	4,875	22,638	(39,428)	–
<b>Segment Revenue</b>	<b>174,577</b>	<b>39,595</b>	<b>33,071</b>	<b>79,206</b>	<b>(39,428)</b>	<b>287,021</b>
<b>Assets:</b>						
Non-current assets	115,428	9,660	33,627	12,774	(55,188)	116,301
<b>1H 2023</b>						
Revenue	135,864	26,069	9,024	20,007	–	190,964
Inter-segment sales	7,998	–	3,599	6,326	(17,923)	–
<b>Segment Revenue</b>	<b>143,862</b>	<b>26,069</b>	<b>12,623</b>	<b>26,333</b>	<b>(17,923)</b>	<b>190,964</b>
<b>Assets:</b>						
Non-current assets	119,442	10,685	19,517	16,152	(54,284)	111,512

## 6. Dissaggregation of revenue

	Project works S\$'000	Plant maintenance and related services S\$'000	Other operations S\$'000	Total S\$'000
<b>1H 2024</b>				
<b>Primary geographical markets</b>				
Singapore	102,338	60,155	169	162,662
Middle East	23,946	4,250	–	28,196
China	–	39,595	–	39,595
South Asia	27,069	29,487	12	56,568
	153,353	133,487	181	287,021
<b>Timing of transfer of goods and services</b>				
At a point in time	7,097	129,237	181	136,515
Over time	146,256	4,250	–	150,506
	153,353	133,487	181	287,021
<b>1H 2023</b>				
<b>Primary geographical markets</b>				
Singapore	73,099	62,632	133	135,864
Middle East	7,425	1,599	–	9,024
China	–	26,069	–	26,069
South Asia	9,563	10,433	11	20,007
	90,087	100,733	144	190,964
<b>Timing of transfer of goods and services</b>				
At a point in time	7,373	99,134	144	106,651
Over time	82,714	1,599	–	84,313
	90,087	100,733	144	190,964



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## 7. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2023 and 30 June 2023.

	Group		Company	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial Assets</b>				
At fair value through other comprehensive income (FVOCI )				
- Investment securities	1	1	1	1
At amortised costs				
- Trade receivables, other receivables and deposits, loan due from subsidiaries and cash and short-term deposits	246,914	233,010	149,042	133,457
<b>Financial Liabilities</b>				
At amortised costs				
- Trade and other payables, lease liabilities, loans and borrowings	180,146	178,035	79,933	64,353

## 8. Profit before taxation

Significant items

	Group	
	1H 2024	1H 2023
	S\$'000	S\$'000
Depreciation of right-of-use assets	(1,670)	(1,240)
Amortisation of intangible assets	(4)	(4)
Depreciation of property, plant and equipment	(5,695)	(5,714)
Depreciation of investment property	(43)	(70)
Write back on financial assets and contract assets	28	15
Interest expense	(71)	(187)
Interest expense on lease liabilities	(920)	(365)
Interest expense on reinstatement cost	(51)	(49)
Exchange loss, net	(46)	(836)
Loss on disposal of property, plant and equipment, net	(37)	(16)
Gain on disposal of investment property	–	132
Insurance claim	357	132
Interest income	1,363	870
Sundry income	444	487



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## 9. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	1H 2024	1H 2023
	S\$'000	S\$'000
<i>Related parties:</i>		
Revenue from sale of information systems	8	8
Revenue from system installation	27	6

## 10. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H 2024	1H 2023
	S\$'000	S\$'000
Current year tax expense	1,160	2,000
Origination and reversal of deferred tax	1	–
Withholding tax	424	81
	<u>1,585</u>	<u>2,081</u>

## 11. Dividends

	Group	
	1H 2024	1H 2023
	S\$'000	S\$'000
Ordinary dividends paid:		
Final exempt 2023 dividend of 2.0 (2022: 2.5) cents per share	5,075	6,362
Special exempt 2023 dividend of NIL (2022: 1.0) cents per share	–	2,545

## 12. Net asset value

	Group		Company	
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
Net asset value per ordinary share based on issued shares at the end of the respective periods (in cents)	91.1	92.0	70.6	73.3
No. of shares in computing NAV ('000)	254,203	253,918	254,203	253,918



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## 13. Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

The following table shows an analysis of each class of assets carried at fair value by level of fair value hierarchy:

	Group	
	1H 2024	1H 2023
	S\$'000	S\$'000
<b>Financial assets:</b>		
Equity instruments at FVOCI		
- Investment securities (quoted prices in active markets) (Level 1)	1	1

## 14. Property, plant and equipment

During the six months ended 31 December 2023, the Group acquired assets amounting to about \$8,896,000 (31 December 2022: \$2,335,000) and disposed of assets amounting to about \$181,000 (31 December 2022: \$134,000)

## 15. Investment properties

Investment properties are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Fair value of the investment properties amounted to \$8,055,000 (2022: \$6,161,000) by reference to comparable market transactions that consider recent sale of similar properties that have been transacted in the open market.

## 16. Aggregate amount of Group's borrowings and debt securities

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

As at 31 Dec 2023		As at 30 Jun 2023	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,094	2,083	4,314	2,708

### Amount repayable after one year

As at 31 Dec 2023		As at 30 Jun 2023	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
37,796	-	39,455	-

### Detail of any collateral

The Group's borrowings include loans and borrowings as well as lease liabilities. Certain of the Group's loans and borrowings were secured over corporate guarantee and certain property, plant and equipment.



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### 17. Share capital

	The Group and the Company			
	31 Dec 2023		30 Jun 2023	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Issued and fully paid ordinary shares:				
As at beginning and end of the financial year	255,715	58,836	255,715	58,836

The company hold 1,511,466 treasury shares as at 31 December 2023.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 30 June 2023.

### 18. Acquisition or sale of shares in associate or subsidiary

Not applicable.

### 19. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



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## **OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**



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20. **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 31 Dec 2023	As at 31 Dec 2022
As at beginning of period	253,918,126	254,643,826
Purchase of treasury shares	(582,400)	(150,000)
Reissued of treasury shares	867,571	1,124,222
As at end of period	<u>254,203,297</u>	<u>255,618,048</u>

21. **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at end of the immediately preceding year.**

	As at 31 Dec 2023	As at 30 Jun 2023
Total number of issued shares excluding treasury shares	<u>254,203,297</u>	<u>253,918,126</u>

22. **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 31 Dec 2023	As at 31 Dec 2022
As at beginning of period	1,796,637	1,070,937
Purchase of treasury share	582,400	150,000
Reissued of treasury shares	(867,571)	(1,124,222)
	<u>1,511,466</u>	<u>96,715</u>

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

The condensed consolidated statement of financial position of PEC Ltd and its subsidiaries as at 31 December 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

24. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications, disclaimer of opinion, adverse opinion or emphasis of a matter).**

Not applicable.





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25. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) **Updates on the efforts taken to resolve each outstanding audit issue.**

(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

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

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial period, the Group has adopted all the new and amended standards that are effective for annual financial periods beginning on or after 1 July 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

27. **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.

28. **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	
	1H 2024	1H 2023
Weighted average number of ordinary shares for basic earnings per share computation ('000)	254,386	254,733
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	255,349	256,660
Earnings per share (cents per share)		
- Basic	2.0	1.1
- Diluted	2.0	1.1



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### 29. Review of performance of the Group

**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 for 1H FY2024**

##### **Revenue**

The Group's revenue increased by S\$96.0 million from S\$191.0 million in 1HFY2023 to S\$287.0 million in 1HFY2024. This was mainly due to work volume increase in projects and maintenance works across the regions.

##### **Cost of sales**

The Group's cost of sales increased by S\$84.0 million from S\$146.6 million in 1HFY2023 to S\$230.6 million in 1HFY2024. The increase was mainly due to an increase in labour, subcontractors and materials costs.

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

The Group's gross profit increased by S\$12.0 million from S\$44.4 million in 1HFY2023 to S\$56.4 million in 1HFY2024. This was mainly due to an increase in profit contribution from project works and maintenance services resulting from the increase in revenue.

The decrease in Group's profit margin from 23% in 1HFY2023 to 20% in 1HFY2024 was mainly attributable to lower margin due to the competitive environment.

##### **Other operating income**

Other operating income increased by S\$0.6 million from S\$1.8 million in 1HFY2023 to S\$2.4 million in 1HFY2024. This was mainly due to an increase in interest income and insurance claims. The increase was partially offset a loss on disposal of assets in 1HFY2024 and a gain on disposal of investment property in the prior period.

##### **Administrative expenses**

Administrative expenses increased by S\$1.8 million from S\$16.0 million in 1HFY2023 to S\$17.8 million in 1HFY2024. This was mainly due to an increase in salary remuneration, utilities and general administrative expenses.



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### 29. Review of performance of the Group (cont'd)

#### **Other operating expenses**

Other operating expenses increased by S\$7.5 million from S\$24.0 million in 1HFY2023 to S\$31.5 million in 1HFY2024. This was mainly due to an increase in workers accommodation, insurance, transport, travelling, freight forwarding expenses and depreciation of right-of-use assets. The increase was partially offset by a reduction of forex loss and depreciation of investment property in 1HFY2024.

#### **Finance expenses**

Finance expenses increased by S\$0.4 million from S\$0.6 million in 1HFY2023 to S\$1.0 million in 1HFY2024. This was mainly due to an increase in interest on lease liabilities. The increase was partially offset by a decrease in interest on factoring, loans and borrowings.

#### **Taxation**

The Group's effective tax rate decreased from 37.2% in 1HFY2023 to 18.7% in 1HFY2024. The decrease in effective tax rate was mainly due to tax refund and utilization of previous year tax losses in 1HFY2024.



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### 29. Review of performance of the Group (cont'd)

#### **Balance Sheet Review**

The Group's non-current assets decreased by S\$0.2 million from S\$120.1 million in 1HFY2023 to S\$119.9 million in 1HFY2024. This was mainly due to a decrease in prepayments, deferred tax assets and right-of-use assets which was partially offset by an increase in property, plant and equipment.

The Group's current assets increased by S\$21.9 million from S\$290.7 million in 1HFY2023 to S\$312.6 million in 1HFY2024. The increase was mainly due to an increase in contract assets, trade receivables, prepayments, other receivables and deposits. The increase was partially offset by a decrease in capitalised contract costs, inventories, cash and short-term deposits.

The Group's current liabilities increased by S\$23.7 million from S\$125.7 million in 1HFY2023 to S\$149.4 million in 1HFY2024. This was mainly due to an increase in contract liabilities, income tax payables, other payables and accruals. The increase was partially offset by a decrease in trade payables, lease liabilities, provisions, loan and borrowings.

The Group's non-current liabilities decreased by S\$1.7 million from S\$42.7 million in 1HFY2023 to S\$41.0 million in 1HFY2024. This was mainly due to a decrease in lease liabilities, loans and borrowings.

#### **Cash Flow Review**

Net cash generated from operating activities for the Group in 1HFY2024 was S\$4.8 million.

The Group had used S\$8.8 million in investing activities in 1HFY2024. This was mainly attributable to investment in fabrication facility, purchase of construction equipment, motor vehicles and office equipment to support the business operation. The amount was partially offset by proceeds from disposal of assets.

The Group had used S\$8.3 million in financing activities in 1HFY2024 which was mainly due to net repayment of loans and borrowings, dividend payment to shareholders and payment of lease liabilities.

As a result of the above, there was a decrease in cash and cash equivalents of S\$12.2 million to S\$112.3 million in 1HFY2024.



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

Not Applicable.

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

The energy and chemical industry has had to grapple with increasing volatility and operating challenges, amid prevalent geopolitical conflicts in the Middle East and Ukraine, continued weakness in China's manufacturing sector as well as the outlook of stricter environmental regulations and carbon taxes.

The energy and chemical companies are expected to become more cautious in spending amid growing market uncertainty and softening energy prices. In spite of these challenges, national energy and chemical companies in the Middle East region are expected to continue their capital expenditures to expand their production capacities as well as to pursue low-carbon projects as they seek to diversify their business to lessen their dependence on hydrocarbons.

To support our clients in the energy transition, and capture opportunities in green energy, the Group is working hard to build up engineering capabilities and track record in the area. The Group will continue to invest in training its workforce and driving digitalization to improve operational efficiency and deliver our projects safely, on time, and within budget.

As at 31 December 2023, the Group's order book stood at approximately S\$100.2 million, excluding maintenance contracts.

**32. Dividend**

**If a decision regarding dividend has been made: -**

- (a) Whether an interim (final) dividend has been declared (recommended); and

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

No interim dividend has been declared/recommended.

- (b) Corresponding Period of the Immediate Preceding Financial Year

NIL.

- (c) The date the dividend is payable

Not applicable.

- (d) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

**33. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

Not applicable.



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**34. Interested person transaction**

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

**35. Relating to an announcement of interim financial statements (quarterly or half-yearly), confirmation from directors under Rule 705(5)**

Not applicable.

**36. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers (in the format as set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of the SGX-ST.

**37. Disclosure on Acquisitions and Realisations Pursuant to Rule 706A**

During the half year ended 31 December 2023:

a) There was neither acquisition nor sale of:

(i) shares resulting in a company becoming or ceasing to be a subsidiary or an associated company of the Company.

(ii) shares resulting in the Company increasing or reducing its shareholding percentage in a subsidiary or an associated company.

**BY ORDER OF THE BOARD**

**Edna Ko Poh Thim**  
**Executive Chairman**  
**8<sup>th</sup> February 2024**