

Unaudited First Quarter Financial Statements for the Period Ended 30 September 2018

The Board of Directors of PCI Limited is pleased to announce the First Quarter financial statements on consolidated results for the three months period ended 30 September 2018. These figures have not been audited.

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

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		
	1st quarter ended 30/09/2018 US\$'000	1st quarter ended 30/09/2017 US\$'000	% increase/ (decrease)
Revenue	56,195	70,642	(20.5%)
Cost of sales:			
Raw material and consumables	(42,256)	(54,192)	(22.0%)
Manufacturing expenses	(6,184)	(6,665)	(7.2%)
Direct depreciation/amortisation	(664)	(549)	20.9%
	(49,104)	(61,406)	(20.0%)
Gross profit	7,091	9,236	(23.2%)
Other income	325	268	21.3%
Other expenses:			
Business development expenses	(1,187)	(1,292)	(8.1%)
General and administrative expenses	(1,894)	(2,437)	(22.3%)
Indirect depreciation	(245)	(185)	32.4%
Foreign exchange gain/(loss)	406	(235)	n.m.
	(2,920)	(4,149)	(29.6%)
Profit before tax	4,496	5,355	(16.0%)
Income tax expense			
Current period	(1,003)	(1,085)	(7.6%)
Profit for the period	3,493	4,270	(18.2%)
Attributable to:			
Equity holders of the Company	3,493	4,270	(18.2%)

Notes to the income statement:

n.m. : not meaningful

Statements of comprehensive income
For the first quarter ended 30 Sep 2018

	The Group		
	1st quarter ended 30/09/2018 US\$'000	1st quarter ended 30/09/2017 US\$'000	% increase/ (decrease)
	Profit for the period	3,493	4,270
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(617)	312	n.m.
Other comprehensive (loss)/gain for the period, net of tax	(617)	312	n.m.
Total comprehensive income for the period, net of tax	2,876	4,582	(37.2%)
Total comprehensive income attributable to:			
Equity holders of the Company	2,876	4,582	(37.2%)

Notes to the statement of comprehensive income:

n.m. : not meaningful

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

	The Group		The Company	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	59,375	57,974	55,627	54,353
Trade receivables	37,770	39,301	35,643	36,621
Other receivables and prepayments	2,655	1,928	2,032	1,436
Amounts due from subsidiaries	-	-	795	605
Inventories	37,412	38,793	33,500	34,356
	<u>137,212</u>	<u>137,996</u>	<u>127,597</u>	<u>127,371</u>
Non-current assets				
Property, plant and equipment	10,397	10,603	6,806	6,752
Prepaid lease payments	17,470	17,734	15,450	15,563
Investment in subsidiaries	-	-	12,176	12,176
Other assets	80	80	80	80
Deferred tax assets	101	105	-	-
	<u>28,048</u>	<u>28,522</u>	<u>34,512</u>	<u>34,571</u>
Total assets	<u>165,260</u>	<u>166,518</u>	<u>162,109</u>	<u>161,942</u>
Equity and liabilities				
Current liabilities				
Trade payables	42,777	44,224	37,805	36,769
Other payables and provision	12,965	15,815	8,840	11,541
Amounts due to subsidiaries	-	-	17,392	18,330
Income tax payable	5,158	4,968	4,803	4,447
	<u>60,900</u>	<u>65,007</u>	<u>68,840</u>	<u>71,087</u>
Non-current liabilities				
Deferred tax liabilities	767	786	767	786
Defined benefit obligations	197	205	-	-
	<u>964</u>	<u>991</u>	<u>767</u>	<u>786</u>
Total liabilities	<u>61,864</u>	<u>65,998</u>	<u>69,607</u>	<u>71,873</u>
Equity attributable to equity holders of the Company				
Share capital	44,667	44,667	44,667	44,667
Foreign currency translation reserve	(522)	95	-	-
Retained earnings	59,251	55,758	47,835	45,402
Total equity	<u>103,396</u>	<u>100,520</u>	<u>92,502</u>	<u>90,069</u>
Total equity and liabilities	<u>165,260</u>	<u>166,518</u>	<u>162,109</u>	<u>161,942</u>

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

Amount repayable in one year or less, or on demand

As at 30/09/2018		As at 30/06/2018	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30/09/2018		As at 30/06/2018	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Nil

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

	1st quarter ended	
	30/09/2018 US\$'000	30/09/2017 US\$'000
Cash flows from operating activities		
Profit before tax	4,496	5,355
Adjustments for :		
Depreciation of property, plant and equipment	743	563
Amortisation of prepaid lease payments	166	171
Gain on disposal of property, plant and equipment	(30)	(29)
Gain on disposal of other assets	-	(32)
Interest income	(211)	(92)
Foreign exchange (gain)/loss	(373)	448
Operating profit before working capital changes	4,791	6,384
Trade receivables	1,531	(7,481)
Other receivables and prepayments	(622)	(143)
Other assets	-	213
Inventories	1,381	(16,674)
Trade payables, other payables and provision	(4,305)	14,076
Cash generated from/(used in) operations	2,776	(3,625)
Interest received	106	66
Income tax paid	(805)	(214)
Net cash flows generated from/(used in) operating activities	2,077	(3,773)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	52	29
Purchase of property, plant and equipment	(713)	(1,823)
Net cash flows used in investing activities	(661)	(1,794)
Net increase/(decrease) in cash and bank balances	1,416	(5,567)
Cash and bank balances at beginning of period	57,974	39,929
Effect of currency translation on balances held in foreign currencies	(15)	(95)
Total cash and cash equivalents	59,375	34,267

- 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 capitalization issues and distributions to shareholders together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital US\$'000	Foreign currency translation reserve US\$'000	Retained earnings US\$'000	Total US\$'000
Group				
Balance at 1 July 2017	44,667	1,191	41,507	87,365
Adoption of SFRS (I)	-	(1,191)	1,191	-
Balance at 1 July 2017 (Restated)	44,667	-	42,698	87,365
Total comprehensive income for the period	-	312	4,270	4,582
Balance at 30 September 2017	44,667	312	46,968	91,947
Balance at 1 July 2018				
44,667	1,286	54,567	100,520	
Adoption of SFRS (I)	-	(1,191)	1,191	-
Balance at 1 July 2018 (Restated)	44,667	95	55,758	100,520
Total comprehensive income for the period	-	(617)	3,493	2,876
Balance at 30 September 2018	44,667	(522)	59,251	103,396

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Company			
Balance at 1 July 2017	44,667	35,896	80,563
Total comprehensive income for the period	-	3,568	3,568
Balance at 30 September 2017	44,667	39,464	84,131
Balance at 1 July 2018			
44,667	45,402	90,069	
Total comprehensive income for the period	-	2,433	2,433
Balance at 30 September 2018	44,667	47,835	92,502

- 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.

There was no change in the Company's share capital since the end of the previous period reported on.

There were no outstanding convertibles 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.

The Company had no treasury shares and subsidiary holdings 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.

- 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 the end of the immediately preceding year.

As at 30 September 2018, the total number of issued shares excluding treasury shares was 199,099,000 (30 Jun 2018: 199,099,000).

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

The figures have neither been audited nor reviewed by the auditors.

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

Except as disclosed in paragraph (5) below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the most recently audited financial statements as at 30 June 2018.

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

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (international), a new financial reporting framework identical to International Financial Reporting Standards. The Group has adopted the new financial reporting framework and applied the following new accounting standards on 1 July 2018:

- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments

The adoption of the new financial reporting framework and accounting standards did not have any material impact on the financial statements, except as described below:

a) Application of SFRS(I) 1 First-Time Adoption of Singapore Financial Reporting Standards (International)

On transition to the new financial reporting framework, the Group has elected the option in SFRS(I) 1 to deem cumulative translation differences for foreign operations to be zero on 1 July 2017, and accordingly, the gain or loss recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 July 2017.

As a result, the Group reclassified an amount of USD 1,191,000 of foreign currency translation reserve to the opening retained earnings as at 1 July 2017.

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.

Earnings per ordinary share for the period based on profit attributable to equity holders of the Company after deducting any provision for preference dividends:-

- (i) Based on the weighted average number of ordinary shares on issue US cents
- (ii) On a fully diluted basis US cents

Group	
1st quarter ended	
30/09/2018	30/09/2017
1.75	2.14
1.75	2.14

Average number of ordinary shares	
1st quarter ended	
30/09/2018	30/09/2017
199,099,000	199,099,000

Earnings per ordinary share have been computed based on the average number of ordinary shares outstanding during the year.

Note: Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 30 September 2018 and 2017.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :

- (a) current financial period reported on; and**
- (b) immediately preceding financial year**

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

- (a) The Group US cents
- (b) The Company US cents

As at	As at
30/09/2018	30/06/2018
51.93	50.49
46.46	45.24

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.

A) Profit and Loss

For the first quarter ended 30 September 2018, the Group achieved a revenue of USD 56.20 million and a net profit attributable to equity holders of the company of USD 3.49 million. The reduction in net profit as compared to the same period last year was attributed to lower revenue for the reporting quarter.

In this reporting period, the Group recorded revenue contributions from new projects. However, this was offset by the reduction in revenue from several key customers due to weaker end market demand. As a result, Group revenue reduced by 20.5% as compared to the same period last year.

On the operating front, the reductions in material costs and manufacturing expenses were in line with the revenue. The increase in direct and in-direct depreciation as compared to the same period last year was mainly attributed to production equipment and IT hardware renewals. The reduction in G&A expenses was due to lower staff and overhead expenses.

B) Financial position and cash flow

The balance sheet and the financial position of the Group remain strong. Total assets and liabilities stood at USD 165.26 million and USD 61.86 million respectively. The cash and bank balances as at 30 September 2018 was USD 59.38 million compared to USD 57.97 million as at 30 June 2018. The trade receivables of USD 37.77 million, trade payables of USD 42.78 million, other payables and provision of USD 12.97 million and inventories of USD 37.41 million were in line with the business activities.

For this reporting period, net cash generated from operating activities was USD 2.08 million. Net cash used in investment activities was USD 0.66 million. The total net increase in cash and bank balances was USD 1.42 million, bringing the total cash and bank balances to USD 59.38 million as at 30 September 2018. Total shareholders fund was USD 103.40 million and the Group's net asset value (NAV) per share was USD 51.93 cents as at 30 September 2018.

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.

The global economic sentiment has turned less positive due to the ongoing trade tension, rising US interest rates and Chinese growth concerns. With the uncertain business conditions, the Directors remain cautious about the Group's business outlook for the next 6 to 12 months.

11. Dividend

(a) Current Financial Period Reported On

Name of dividend	:	Nil
Dividend type	:	Nil
Dividend amount per share	:	Nil
Tax rate	:	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	:	Nil
Dividend type	:	Nil
Dividend amount per share	:	Nil
Tax rate	:	Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

The Company did not declare any dividend for the period ended 30 September 2018.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirms that to the best of its knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited financial results for the first quarter ended 30 September 2018 to be false or misleading, in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Valerie Tan May Wei
COMPANY SECRETARY
13th November 2018