

Unaudited First Quarter Financial Statements for the Period Ended 30 September 2016

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 2016. 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		
	3 months ended 30/09/2016 US\$'000	3 months ended 30/09/2015 US\$'000	% increase/ (decrease)
Revenue	47,527	43,915	8.2%
Cost of sales:			
Raw material and consumables	(35,864)	(33,455)	7.2%
Manufacturing expenses	(6,031)	(5,462)	10.4%
Other operating expenses	(571)	(600)	(4.8%)
Direct depreciation/amortisation	(539)	(413)	30.5%
	(43,005)	(39,930)	7.7%
Gross profit	4,522	3,985	13.5%
Other income	66	192	(65.6%)
Other expenses:			
Business development expenses	(1,045)	(756)	38.2%
General and administrative expenses	(1,559)	(1,052)	48.2%
Indirect depreciation	(146)	(83)	75.9%
Foreign exchange gain/(loss)	36	(1,460)	n.m.
Mark to market valuation gain	-	249	n.m.
	(2,714)	(3,102)	(12.5%)
Profit before tax	1,874	1,075	74.3%
Income tax expense			
Current period	(343)	(514)	(33.3%)
Prior period	(5)	45	n.m.
Profit after tax	1,526	606	151.8%
Attributable to:			
Equity holders of the Company	1,527	605	152.4%
Non-controlling interests	(1)	1	n.m.
	1,526	606	151.8%

Notes to the income statement:

n.m. : not meaningful

Statements of comprehensive income
For the first quarter ended 30 Sep 2016

	The Group		
	3 months ended 30/09/2016 US\$'000	3 months ended 30/09/2015 US\$'000	% increase/ (decrease)
Profit for the period	1,526	606	151.8%
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	44	(799)	n.m.
Other comprehensive income/(loss) for the period	44	(799)	n.m.
Total comprehensive income/(loss) for the period, net of tax	1,570	(193)	n.m.
Total comprehensive income attributable to:			
Equity holders of the Company	1,571	(194)	n.m.
Non-controlling interests	(1)	1	n.m.
	1,570	(193)	n.m.

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	
	30/09/2016 US\$'000	30/06/2016 US\$'000	30/09/2016 US\$'000	30/06/2016 US\$'000
Assets				
Current assets				
Cash and bank balances	37,929	27,916	32,360	23,928
Trade receivables	31,508	39,026	29,412	36,718
Other receivables and prepayments	2,588	1,674	1,083	562
Amounts due from subsidiaries	-	-	3,452	4,528
Inventories	31,594	31,069	26,699	27,742
	<u>103,619</u>	<u>99,685</u>	<u>93,006</u>	<u>93,478</u>
Non-current assets				
Property, plant and equipment	8,942	9,238	5,541	5,782
Prepaid lease payments	19,170	19,304	16,359	16,472
Investment in subsidiaries	-	-	12,029	12,029
Other assets	241	237	241	237
Deferred tax assets	80	79	-	-
	<u>28,433</u>	<u>28,858</u>	<u>34,170</u>	<u>34,520</u>
Total assets	<u>132,052</u>	<u>128,543</u>	<u>127,176</u>	<u>127,998</u>
Equity and liabilities				
Current liabilities				
Trade payables, other payables and provision	42,313	40,456	32,764	32,953
Amounts due to subsidiaries	-	-	9,581	10,418
Income tax payable	2,222	2,183	1,705	1,735
	<u>44,535</u>	<u>42,639</u>	<u>44,050</u>	<u>45,106</u>
Non-current liability				
Deferred tax liabilities	730	686	730	686
	<u>730</u>	<u>686</u>	<u>730</u>	<u>686</u>
Total liabilities	<u>45,265</u>	<u>43,325</u>	<u>44,780</u>	<u>45,792</u>
Equity attributable to equity holders of the Company				
Share capital	44,667	44,667	44,667	44,667
Foreign currency translation reserve	1,827	1,783	-	-
Retained earnings	40,248	38,722	37,729	37,539
	<u>86,742</u>	<u>85,172</u>	<u>82,396</u>	<u>82,206</u>
Non-controlling interests	45	46	-	-
Total equity	<u>86,787</u>	<u>85,218</u>	<u>82,396</u>	<u>82,206</u>
Total equity and liabilities	<u>132,052</u>	<u>128,543</u>	<u>127,176</u>	<u>127,998</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 30/09/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30/09/2016		As at 30/06/2016	
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**

	3 months ended	
	30/09/2016 US\$'000	30/09/2015 US\$'000
Cash flows from operating activities		
Profit before tax	1,874	1,075
Adjustments for :		
Depreciation of property, plant and equipment	514	365
Amortisation of prepaid lease payments	171	131
Gain on disposal of property, plant and equipment	-	(75)
Impairment (gain)/loss on other assets	(4)	19
Mark to market value for derivative financial instruments	-	(249)
Interest income	(44)	(149)
Net foreign exchange on translation	20	1,145
Operating profit before working capital changes	2,531	2,262
Trade receivables	7,518	4,209
Other receivables and prepayments	(901)	2,335
Inventories	(525)	(8,507)
Trade payables, other payables and provision	1,857	3,205
Cash generated from operations	10,480	3,504
Interest received	31	175
Income tax paid	(263)	(17)
Net cash flows generated from operating activities	10,248	3,662
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	-	75
Purchase of property, plant and equipment	(223)	(3,436)
Net cash flows used in investing activities	(223)	(3,361)
Net increase in cash and bank balances	10,025	301
Cash and bank balances at beginning of period	27,916	41,978
Effect of exchange rate change on balances held in foreign currencies	(12)	(1,605)
Total cash and cash equivalents	37,929	40,674

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	Attributable to equity holders of the Company US\$'000	Non- controlling interests US\$'000	Total US\$'000
Group						
Balance at 1 July 2015	44,667	1,780	40,095	86,542	46	86,588
Total comprehensive loss for the period	-	(799)	605	(194)	1	(193)
Balance at 30 September 2015	<u>44,667</u>	<u>981</u>	<u>40,700</u>	<u>86,348</u>	<u>47</u>	<u>86,395</u>
Balance at 1 July 2016	44,667	1,783	38,722	85,172	46	85,218
Total comprehensive income for the period	-	44	1,526	1,570	(1)	1,569
Balance at 30 September 2016	<u>44,667</u>	<u>1,827</u>	<u>40,248</u>	<u>86,742</u>	<u>45</u>	<u>86,787</u>

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Company			
Balance at 1 July 2015	44,667	34,165	78,832
Total comprehensive income for the period	-	672	672
Balance at 30 September 2015	<u>44,667</u>	<u>34,837</u>	<u>79,504</u>
Balance at 1 July 2016	44,667	37,539	82,206
Total comprehensive income for the period	-	190	190
Balance at 30 September 2016	<u>44,667</u>	<u>37,729</u>	<u>82,396</u>

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.

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

There were no outstanding convertibles or treasury shares 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 2016, the total number of issued shares excluding treasury shares was 199,099,000 (30 Jun 2016: 199,099,000).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares 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.

The Group has adopted the same accounting policies and methods of computation as compared with the most recently audited annual financial statements ended 30 June 2016 as well as all the applicable Financial Reporting Standards (FRS) which became effective for financial year beginning on or after 1 July 2016. The adoption of these new accounting policies did not give rise to any significant change to the financial statements.

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.

Not applicable.

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	
3 months ended	
30/09/2016	30/09/2015
0.77	0.30
0.77	0.30

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

Average number of ordinary shares	
3 months ended	
30/09/2016	30/09/2015
199,099,000	199,099,000

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 2016 and 2015.

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
30/09/2016	30/06/2016
43.57	42.78
41.38	41.29

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 1st quarter ended 30 September 2016, the Group achieved revenue of USD 47.53 million. The 8.2% increase in revenue over the same period last year was driven by stronger customer orders. As a result of higher revenue, gross profit increased to USD 4.52 million as compared to USD 3.99 million in the previous year. In this reporting period, manufacturing expenses were in line with the business activities. The increase in business development and G&A expenses was mainly attributed to higher overhead costs. Direct depreciation increased by 30.5% compared to the same period last year. The increase was due to the renewal of manufacturing equipment and building renovations. With a higher gross profit and lower other expenses compared to the same period last year, profit attributable to equity holders of the Company was USD 1.53 million as compared to USD 0.61 million in the first quarter last year.

B) Financial position and cash flow

The balance sheet and the financial position of the Group remained strong. Total assets and liabilities stood at USD 132.05 million and USD 45.27 million respectively. The cash and bank balances as at 30 September 2016 was USD 37.93 million compared to USD 27.92 million as at 30 June 2016. The trade receivables of USD 31.51 million, trade payables, other payables and provision of USD 42.31 million and inventories of USD 31.60 million were in line with the business activities.

For this reporting period, net cash generated from operating activities was USD 10.25 million and net cash used in investment activities was USD 0.22 million. The total net increase in cash and bank balances was USD 10.03 million, bringing the total cash and bank balances to USD 37.93 million as at 30 September 2016. Total shareholders fund was USD 86.74 million and the Group's net asset value (NAV) per share was USD 43.57 cents as at 30 September 2016.

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 business climate is uncertain. With the change in the US leadership, impact on potential trade policy changes remains to be seen. The directors remain cautious about the Group 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/recommendeded, a statement to that effect

The Company did not declare any dividend for the period ended 30 September 2016.

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 2016 to be false or misleading, in any material respect.

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

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

BY ORDER OF THE BOARD

Valerie Tan May Wei
COMPANY SECRETARY
10th November 2016