

Unaudited Financial Statements for the 2nd Quarter and 1st Half Ended 31 December 2015

The Board of Directors of PCI Limited is pleased to announce the half-year financial statements on consolidated results for the six months period ended 31 December 2015. 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					
	2nd quarter ended 31/12/2015 US\$'000	2nd quarter ended 31/12/2014 US\$'000	% increase/ (decrease)	1st half ended 31/12/2015 US\$'000	1st half ended 31/12/2014 US\$'000	% increase/ (decrease)
Revenue	44,348	47,483	(6.6%)	88,263	95,021	(7.1%)
Cost of sales:						
Raw material and consumables	(33,982)	(35,731)	(4.9%)	(67,438)	(71,604)	(5.8%)
Manufacturing expenses	(5,860)	(5,480)	6.9%	(11,322)	(11,205)	1.0%
Other operating expenses	(523)	(642)	(18.5%)	(1,122)	(1,462)	(23.3%)
Direct depreciation/amortisation	(558)	(352)	58.5%	(971)	(704)	37.9%
	(40,923)	(42,205)	(3.0%)	(80,853)	(84,975)	(4.9%)
Gross profit	3,425	5,278	(35.1%)	7,410	10,046	(26.2%)
Other income	117	116	0.9%	309	442	(30.1%)
Other expenses:						
Business development expenses	(869)	(806)	7.8%	(1,624)	(2,045)	(20.6%)
General & administrative expenses	(1,383)	(1,130)	22.4%	(2,435)	(2,567)	(5.1%)
Indirect depreciation	(112)	(117)	(4.3%)	(195)	(238)	(18.1%)
Foreign exchange gain/(loss)	274	(284)	n.m.	(1,186)	(139)	n.m.
Mark to market valuation (loss)/gain	-	(507)	n.m.	249	(923)	n.m.
	(2,090)	(2,844)	(26.5%)	(5,191)	(5,912)	(12.2%)
Profit before income tax	1,452	2,550	(43.1%)	2,528	4,576	(44.8%)
Income tax expense						
Current period	(161)	(432)	(62.7%)	(675)	(908)	(25.7%)
Prior period	108	-	n.m.	152	50	n.m.
Profit after income tax	1,399	2,118	(33.9%)	2,005	3,718	(46.1%)
Attributable to :						
Equity holders of the Company	1,397	2,119	(34.1%)	2,002	3,718	(46.2%)
Non-controlling interests	2	(1)	n.m.	3	-	n.m.
	1,399	2,118	(33.9%)	2,005	3,718	(46.1%)

Notes to the Income Statement:

n.m. : not meaningful

Statements of comprehensive income
For the second quarter and first half ended 31 December 2015

	The Group					
	2nd quarter ended 31/12/2015 US\$'000	2nd quarter ended 31/12/2014 US\$'000	% increase/ (decrease)	1st half ended 31/12/2015 US\$'000	1st half ended 31/12/2014 US\$'000	% increase/ (decrease)
Profit for the period	1,399	2,118	(33.9%)	2,005	3,718	(46.1%)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	82	(587)	(114.0%)	(717)	(910)	(21.2%)
Other comprehensive loss for the period	82	(587)	(114.0%)	(717)	(910)	(21.2%)
Total comprehensive income for the period, net of tax	1,481	1,531	(3.3%)	1,288	2,808	(54.1%)
Total comprehensive income attributable to:						
Equity holders of the Company	1,479	1,532	(3.5%)	1,285	2,808	(54.2%)
Non-controlling interests	2	(1)	n.m.	3	-	n.m.
	1,481	1,531	(3.3%)	1,288	2,808	(54.1%)

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	
	31/12/2015	30/06/2015	31/12/2015	30/06/2015
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	27,320	41,978	23,375	32,048
Trade receivables	31,367	33,164	29,065	30,422
Other receivables and prepayments	1,722	4,187	628	3,367
Amounts due from subsidiaries	-	-	4,413	3,996
Inventories	33,717	27,193	30,691	24,700
	<u>94,126</u>	<u>106,522</u>	<u>88,172</u>	<u>94,533</u>
Non-current assets				
Property, plant and equipment	8,823	4,277	4,591	2,426
Prepaid lease payments	19,479	19,902	16,700	16,927
Investments in subsidiaries	-	-	12,029	12,029
Other assets	234	264	234	264
	<u>28,536</u>	<u>24,443</u>	<u>33,554</u>	<u>31,646</u>
Total assets	<u>122,662</u>	<u>130,965</u>	<u>121,726</u>	<u>126,179</u>
Equity and liabilities				
Current liabilities				
Trade payables, other payables and provision	39,335	41,245	33,680	33,701
Amounts due to subsidiaries	-	-	12,285	11,162
Derivative financial instruments	-	249	-	249
Income tax payable	2,108	2,559	1,549	1,911
	<u>41,443</u>	<u>44,053</u>	<u>47,514</u>	<u>47,023</u>
Non-current liability				
Deferred tax liabilities	453	324	453	324
	<u>453</u>	<u>324</u>	<u>453</u>	<u>324</u>
Total liabilities	<u>41,896</u>	<u>44,377</u>	<u>47,967</u>	<u>47,347</u>
Equity attributable to equity holders of the Company				
Share capital	44,667	44,667	44,667	44,667
Foreign currency translation reserve	1,063	1,780	-	-
Retained earnings	34,987	40,095	29,092	34,165
	<u>80,717</u>	<u>86,542</u>	<u>73,759</u>	<u>78,832</u>
Non-controlling interests	49	46	-	-
Total equity	<u>80,766</u>	<u>86,588</u>	<u>73,759</u>	<u>78,832</u>
Total equity and liabilities	<u>122,662</u>	<u>130,965</u>	<u>121,726</u>	<u>126,179</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 31/12/2015		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2015		As at 30/06/2015	
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**

	2nd quarter ended		1st half ended	
	31/12/2015 US\$'000	31/12/2014 US\$'000	31/12/2015 US\$'000	31/12/2014 US\$'000
Cash flows from operating activities				
Profit before income tax	1,452	2,550	2,528	4,576
Adjustments for :				
Depreciation of property, plant and equipment	504	360	869	720
Amortisation of prepaid lease payment	166	109	297	222
Gain/(loss) on disposal of property, plant and equipment	17	-	(58)	(27)
Impairment loss of other assets	11	-	30	-
Mark to market value for derivative financial instruments	-	507	(249)	923
Interest income	(125)	(142)	(274)	(275)
Net foreign exchange on translation	(339)	(56)	806	(194)
Operating profit before working capital changes	1,686	3,328	3,949	5,945
Trade receivables	(2,412)	(249)	1,797	(3,615)
Other receivables and prepayments	69	(464)	2,404	(906)
Amounts due from holding company	-	1	-	1
Inventories	1,983	(3,710)	(6,524)	(4,859)
Trade payables, other payables and provision	(4,997)	1,029	(1,792)	2,361
Amounts due to holding company	-	(1)	-	16
Cash used in operations	(3,671)	(66)	(166)	(1,057)
Interest received	160	175	335	304
Income tax paid	(800)	(446)	(817)	(471)
Net cash flows used in operating activities	(4,311)	(337)	(648)	(1,224)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	43	-	118	27
Purchase of property, plant and equipment	(2,239)	(1,995)	(5,676)	(2,028)
Net cash flows used in investing activities	(2,196)	(1,995)	(5,558)	(2,001)
Cash flows from financing activities				
Dividend paid to equity holders of the Company	(7,110)	(15,516)	(7,110)	(15,516)
Dividend paid to non-controlling interests of subsidiary	-	(35)	-	(35)
Net cash flows used in financing activities	(7,110)	(15,551)	(7,110)	(15,551)
Net decrease in cash and bank balances	(13,617)	(17,883)	(13,316)	(18,776)
Cash and bank balances at beginning of period	40,674	56,206	41,978	57,208
Effect of exchange rate change on balances held in foreign currencies	263	(354)	(1,342)	(463)
Cash and cash equivalents at end of period include the following:				
Cash and bank balances	27,320	37,969	27,320	37,969
Pledged deposits for derivative financial instruments with banks	-	(4,462)	-	(4,462)
Total Cash and cash equivalents	27,320	33,507	27,320	33,507

- 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	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group						
Balance at 1 July 2014	44,667	3,780	35,426	83,873	80	83,953
Total comprehensive (loss)/income for the period	-	(323)	1,598	1,275	2	1,277
Balance at September 30, 2014	44,667	3,457	37,024	85,148	82	85,230
Total comprehensive (loss)/income for the period	-	(587)	2,120	1,533	(2)	1,531
Dividend paid to equity holders of the Company	-	-	(15,516)	(15,516)	-	(15,516)
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	(35)	(35)
Balance at December 31, 2014	44,667	2,870	23,628	71,165	45	71,210
Balance at 1 July 2015	44,667	1,780	40,095	86,542	46	86,588
Total comprehensive (loss)/income for the period	-	(799)	605	(194)	1	(193)
Balance at September 30, 2015	44,667	981	40,700	86,348	47	86,395
Total comprehensive income/(loss) for the period	-	82	1,397	1,479	2	1,481
Dividend paid to equity holders of the Company	-	-	(7,110)	(7,110)	-	(7,110)
Balance at December 31, 2015	44,667	1,063	34,987	80,717	49	80,766
	Share capital	Retained earnings	Total			
	US\$'000	US\$'000	US\$'000			
Company						
Balance at July 1, 2014	44,667	31,597	76,264			
Total comprehensive income for the period	-	1,244	1,244			
Balance at September 30, 2014	44,667	32,841	77,508			
Total comprehensive income for the period	-	1,405	1,405			
Dividend paid to equity holders of the Company	-	(15,516)	(15,516)			
Balance at December 31, 2014	44,667	18,730	63,397			
Balance at July 1, 2015	44,667	34,165	78,832			
Total comprehensive income for the period	-	672	672			
Balance at September 30, 2015	44,667	34,837	79,504			
Total comprehensive income for the period	-	1,365	1,365			
Dividend paid to equity holders of the Company	-	(7,110)	(7,110)			
Balance at December 31, 2015	44,667	29,092	73,759			

- 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 31 December 2015, the total number of issued shares excluding treasury shares was 199,099,000 (30 Jun 2015: 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 2015 as well as all the applicable Financial Reporting Standards (FRS) which became effective for financial year beginning on or after 1 July 2015. 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 |

The Group			
2nd quarter ended		1st half ended	
31/12/2015	31/12/2014	31/12/2015	31/12/2014
0.70	1.06	1.01	1.87
0.70	1.06	1.01	1.87

Average number of ordinary shares		Average number of ordinary shares	
2nd quarter ended		1st half ended	
31/12/2015	31/12/2014	31/12/2015	31/12/2014
199,099,000	199,099,000	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 31 December 2015 and 2014.

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 issued share capital as at the end of the period reported on

(a) The Group

US cents

(b) The Company

US cents

As at 31/12/2015	As at 30/06/2015
40.54	43.47
37.05	39.59

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

Segment result by business activities

Revenue

- 1 Electronics Manufacturing Services (EMS)
- 2 Estate management and rental income
- 3 Investment income & interest earned
- Total

Gross Profit

Gross Profit Margin

Profit from operations

- 1 Electronics Manufacturing Services (EMS)
% of EMS Revenue
- 2 Estate management and rental income
- 3 Investment income & interest earned
- Total

Profit margin from operations

Profit attributable to equity holders of the Company

2nd quarter ended 31/12/2015 US\$'000	2nd quarter ended 31/12/2014 US\$'000	1st half ended 31/12/2015 US\$'000	1st half ended 31/12/2014 US\$'000
43,320	46,271	86,206	92,685
908	1,167	1,821	2,244
120	45	236	92
44,348	47,483	88,263	95,021
3,425	5,278	7,410	10,046
7.7%	11.1%	8.4%	10.6%
810	2,429	1,002	4,252
1.9%	5.2%	1.2%	4.6%
522	583	994	1,155
120	(462)	532	(831)
1,452	2,550	2,528	4,576
3.3%	5.4%	2.9%	4.8%
1,397	2,119	2,002	3,718

For the first half ended 31 December 2015, the Group achieved revenue of USD 88.26 million. This was 7.1% lower compared to the previous year. Net profit attributable to equity holders of the company was USD 2.00 million compared to USD 3.72 million in the same period last year. The decrease in profit was mainly due to lower profit contributions from EMS and estate management activities.

EMS

For the 2nd quarter ended 31 December 2015, EMS revenue was USD 43.32 million. This was 6.4% lower compared to the same period last year due to slower orders from its major customers. Profit from EMS operations was USD 0.81 million compared to USD 2.43 million. The reduction in operating profit was mainly due to lower gross profit contributions and higher business development and G&A expenses incurred in this reporting period. On the operating front, manufacturing expenses increased by 6.9% compared to last year as a result of higher labour costs. Direct depreciation was higher by 58.5% compared to last year, and this was mainly due to new machinery and equipment installed in the Batam manufacturing plant.

Estate Management and Rental Income

In the 2nd quarter ended 31 December 2015, estate management and rental income activities achieved revenue of USD 0.91 million and a profit from operations of USD 0.52 million. Despite a 22% reduction in revenue as compared to the previous year of USD1.17 million, profit from operations was marginally lower at USD 0.52 million compared to USD 0.58 million. This was attributed to lower operating expenses incurred in this period compared to the same period 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 122.66 million and USD 41.90 million respectively. The cash and bank balances as at 31 December 2015 was USD 27.32 million compared to USD 41.98 million as at 30 June 2015 following the dividend payment. The trade receivables at USD 31.37 million, trade payables, other payables and provision at USD 39.34 million and inventories at USD 33.72 million were in line with the business activities.

For this reporting period, net cash used in operating activities was USD 0.65 million. Net cash used in investment activities was USD 5.56 million and dividend payment was USD 7.11 million. The total net decrease in cash and bank balances was USD 13.32 million, bringing the total cash and bank balances to USD 27.32 million as at 31 December 2015. Total shareholders fund was USD 80.72 million and the Group net asset value (NAV) per share was USD 40.54 cents as at 31 December 2015.

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 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 outlook remains weak due to the on-going concerns over slowdown in the economies in the US, Europe and China. The volatility in financial and currency markets could negatively affect the already fragile global economic sentiment. As such, 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 31 December 2015.

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 confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the first half year ended 31 December 2015 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
2nd February 2016