

Unaudited Financial Statements for the 3rd Quarter and Nine Months Ended 31 March 2016

The Board of Directors of PCI Limited is pleased to announce the third quarter financial statements on consolidated results for the nine months period ended 31 March 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					
	3rd quarter ended 31/03/2016 US\$'000	3rd quarter ended 31/03/2015 US\$'000	% increase/ (decrease)	9 months ended 31/03/2016 US\$'000	9 months ended 31/03/2015 US\$'000	% increase/ (decrease)
Revenue	38,925	47,417	(17.9%)	127,188	142,438	(10.7%)
Cost of sales:						
Raw material and consumables	(29,122)	(35,107)	(17.0%)	(96,559)	(106,711)	(9.5%)
Manufacturing expenses	(5,229)	(5,745)	(9.0%)	(16,551)	(16,951)	(2.4%)
Other operating expenses	(480)	(1,385)	(65.3%)	(1,601)	(2,846)	(43.7%)
Direct depreciation/amortisation	(623)	(314)	98.4%	(1,595)	(1,018)	56.7%
	(35,454)	(42,551)	(16.7%)	(116,306)	(127,526)	(8.8%)
Gross profit	3,471	4,866	(28.7%)	10,882	14,912	(27.0%)
Other income (Note 1)	2	13,614	(100.0%)	310	14,056	(97.8%)
Other expenses:						
Business development expenses	(850)	(1,051)	(19.1%)	(2,475)	(3,096)	(20.1%)
General & administrative expenses	(1,227)	(2,213)	(44.6%)	(3,662)	(4,780)	(23.4%)
Indirect depreciation	(135)	(106)	27.4%	(330)	(344)	(4.1%)
Foreign exchange loss	(347)	(587)	n.m.	(1,533)	(727)	n.m.
Mark to market valuation gain/(loss)	-	25	n.m.	249	(897)	n.m.
	(2,559)	(3,932)	(34.9%)	(7,751)	(9,844)	(21.3%)
Profit before income tax	914	14,548	(93.7%)	3,441	19,124	(82.0%)
Income tax expense						
Current period	(167)	(429)	n.m.	(842)	(1,337)	(37.0%)
Prior period	(1)	-	n.m.	152	50	n.m.
Profit after income tax	746	14,119	(94.7%)	2,751	17,837	(84.6%)
Attributable to :						
Equity holders of the Company	746	14,118	(94.7%)	2,748	17,836	(84.6%)
Non-controlling interests	-	1	n.m.	3	1	n.m.
	746	14,119	(94.7%)	2,751	17,837	(84.6%)

Notes to the Income Statement:

Note 1 Other income in Q3 2015 included a gain on disposal of leasehold property of USD 13.48 million.

n.m. : not meaningful

Statements of comprehensive income

For the third quarter and nine months ended 31 March 2016

	The Group					
	3rd quarter ended 31/03/2016 US\$'000	3rd quarter ended 31/03/2015 US\$'000	% increase/ (decrease)	9 months ended 31/03/2016 US\$'000	9 months ended 31/03/2015 US\$'000	% increase/ (decrease)
Profit for the period	746	14,119	(94.7%)	2,751	17,837	(84.6%)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	684	(1,228)	n.m.	(34)	(2,138)	(98.4%)
Other comprehensive gain/(loss) for the period	684	(1,228)	n.m.	(34)	(2,138)	(98.4%)
Total comprehensive income for the period, net of tax	1,430	12,891	(88.9%)	2,717	15,699	(82.7%)
Total comprehensive income attributable to:						
Equity holders of the Company	1,430	12,890	(88.9%)	2,714	15,698	(82.7%)
Non-controlling interests	-	1	n.m.	3	1	n.m.
	1,430	12,891	(88.9%)	2,717	15,699	(82.7%)

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	
	31/03/2016	30/06/2015	31/03/2016	30/06/2015
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
Current assets				
Cash and bank balances	26,388	41,978	22,159	32,048
Trade receivables	30,837	33,164	29,121	30,422
Other receivables and prepayments	1,718	4,187	769	3,367
Amounts due from subsidiaries	-	-	4,699	3,996
Inventories	37,672	27,193	35,363	24,700
	<u>96,615</u>	<u>106,522</u>	<u>92,111</u>	<u>94,533</u>
Non-current assets				
Property, plant and equipment	9,527	4,277	5,777	2,426
Prepaid lease payments	19,433	19,902	16,586	16,927
Investments in subsidiaries	-	-	12,029	12,029
Other assets	234	264	234	264
	<u>29,194</u>	<u>24,443</u>	<u>34,626</u>	<u>31,646</u>
Total assets	<u>125,809</u>	<u>130,965</u>	<u>126,737</u>	<u>126,179</u>
Equity and liabilities				
Current liabilities				
Trade payables, other payables and provision	41,628	41,245	35,598	33,701
Amounts due to subsidiaries	-	-	11,837	11,162
Derivative financial instruments	-	249	-	249
Income tax payable	1,448	2,559	1,100	1,911
	<u>43,076</u>	<u>44,053</u>	<u>48,535</u>	<u>47,023</u>
Non-current liability				
Deferred tax liabilities	540	324	540	324
	<u>540</u>	<u>324</u>	<u>540</u>	<u>324</u>
Total liabilities	<u>43,616</u>	<u>44,377</u>	<u>49,075</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	1,746	1,780	-	-
Retained earnings	35,733	40,095	32,995	34,165
	<u>82,146</u>	<u>86,542</u>	<u>77,662</u>	<u>78,832</u>
Non-controlling interests	47	46	-	-
Total equity	<u>82,193</u>	<u>86,588</u>	<u>77,662</u>	<u>78,832</u>
Total equity and liabilities	<u>125,809</u>	<u>130,965</u>	<u>126,737</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 31/03/2016		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/03/2016		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**

	3rd quarter ended		9 months ended	
	31/03/2016 US\$'000	31/03/2015 US\$'000	31/03/2016 US\$'000	31/03/2015 US\$'000
Cash flows from operating activities				
Profit before income tax	914	14,548	3,441	19,124
Adjustments for :				
Depreciation of property, plant and equipment	591	353	1,460	1,072
Amortisation of prepaid lease payment	167	68	464	290
Gain on disposal of property, plant and equipment and leasehold property	(33)	(13,475)	(91)	(13,502)
Impairment loss of other assets	-	24	30	24
Mark to market value for derivative financial instruments	-	(25)	(249)	897
Interest income	(94)	(127)	(369)	(403)
Net foreign exchange on translation	426	(937)	1,233	(1,129)
Operating profit before working capital changes	1,971	429	5,919	6,373
Trade receivables	529	3,892	2,328	277
Other receivables and prepayments	(12)	616	2,392	(289)
Amounts due from holding company	-	-	-	1
Inventories	(3,956)	1,826	(10,479)	(3,033)
Trade payables, other payables and provision	2,292	(2,524)	500	(163)
Amounts due to holding company	-	-	-	15
Cash generated from operations	824	4,239	660	3,181
Interest received	111	160	446	464
Income tax paid	(780)	(408)	(1,596)	(879)
Net cash flows generated/(used in) from operating activities	155	3,991	(490)	2,766
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment and leasehold property	35	18,368	152	18,395
Purchase of property, plant and equipment	(1,244)	(823)	(6,920)	(2,851)
Net cash flows used in investing activities	(1,209)	17,545	(6,768)	15,544
Cash flows from financing activities				
Dividend paid to equity holders of the Company	-	-	(7,110)	(15,516)
Dividend paid to non-controlling interests of subsidiary	-	2	-	(33)
Net cash flows generated/(used in) from financing activities	-	2	(7,110)	(15,549)
Net (decrease)/increase in cash and bank balances	(1,054)	21,538	(14,368)	2,761
Cash and bank balances at beginning of period	27,320	37,969	41,978	57,208
Effect of exchange rate change on balances held in foreign currencies	122	(377)	(1,222)	(839)
Cash and cash equivalents at end of period include the following:				
Cash and bank balances	26,388	59,130	26,388	59,130
Pledged deposits for derivative financial instruments with banks	-	(4,220)	-	(4,220)
Total cash and cash equivalents	26,388	54,910	26,388	54,910

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
Total comprehensive (loss)/income for the period	-	(1,227)	14,118	12,891	1	12,892
Balance at March 31, 2015	44,667	1,643	37,746	84,056	46	84,102
Balance at 1 July 2015	44,667	1,780	40,095	86,542	46	86,588
Total comprehensive (loss)/income for the period	-	(800)	605	(195)	-	(195)
Balance at September 30, 2015	44,667	980	40,700	86,347	46	86,393
Total comprehensive income for the period	-	82	1,397	1,479	1	1,480
Dividend paid to equity holders of the Company	-	-	(7,110)	(7,110)	-	(7,110)
Balance at December 31, 2015	44,667	1,062	34,987	80,716	47	80,763
Total comprehensive income for the period	-	684	746	1,430	-	1,430
Balance at March 31, 2016	44,667	1,746	35,733	82,146	47	82,193
	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			
Total comprehensive income for the period	-	954	954			
Balance at March 31, 2015	44,667	19,684	64,351			
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			
Total comprehensive income for the period	-	3,903	3,903			
Balance at March 31, 2016	44,667	32,995	77,662			

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 March 2016, 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			
3rd quarter ended		9 months ended	
31/03/2016	31/03/2015	31/03/2016	31/03/2015
0.37	7.09	1.38	8.96
0.37	7.09	1.38	8.96

Average number of ordinary shares		Average number of ordinary shares	
3rd quarter ended		9 months ended	
31/03/2016	31/03/2015	31/03/2016	31/03/2015
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 March 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 issued share capital as at the end of the period reported on

(a) The Group

US cents

(b) The Company

US cents

As at 31/03/2016	As at 30/06/2015
41.26	43.47
39.01	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

	3rd quarter ended 31/03/2016 US\$'000	3rd quarter ended 31/03/2015 US\$'000	Total 9 months ended 31/03/2016 US\$'000	Total 9 months ended 31/03/2015 US\$'000
Revenue				
1 Electronics Manufacturing Services (EMS)	37,928	46,224	124,134	138,909
2 Estate management and rental income	909	1,140	2,730	3,384
3 Investment income & interest earned	88	53	324	145
Total	38,925	47,417	127,188	142,438
Gross Profit	3,471	4,866	10,882	14,912
Gross Profit Margin	8.9%	10.3%	8.6%	10.5%
Profit from operations				
1 Electronics Manufacturing Services (EMS)	314	1,149	1,315	5,401
% of EMS Revenue	0.8%	2.5%	1.1%	3.9%
2 Estate management and rental income	512	13,321	1,506	14,476
3 Investment income & interest earned	88	78	620	(753)
Total	914	14,548	3,441	19,124
Profit margin from operations	2.3%	30.7%	2.7%	13.4%
Profit attributable to equity holders of the Company	746	14,118	2,748	17,836

For the 3rd quarter ended 31 March 2016, the Group achieved revenue of USD 38.93 million. Revenue was 17.9% lower compared to the same period last year due mainly to lower revenue contribution from EMS activities. Net profit attributable to equity holders of the company was USD 0.75 million compared to USD 14.12 million in the previous year. In the same period last year, there was other income USD 13.48 million from the disposal of leasehold property.

EMS

For the 3rd quarter ended 31 March 2016, EMS revenue was USD 37.93 million versus USD 46.22 million in the same period last year. The reduction in revenue was due to slower orders from the Company's major customers, as its major customers experienced weaker than expected end market demand. Gross profit contribution for this reporting period was USD 3.47 million. The reduction in gross profit as compared to the same period last year was mainly attributed to lower revenue and higher material and manufacturing expenses. The increase in direct depreciation came from the purchase of new production equipment and plant renovation. In this reporting period, Business Development and G&A expenses decreased by 19.1% and 44.6% respectively. The reductions were mainly due to lower staff costs. As a result of lower gross profit contribution, EMS operating profit for this quarter was USD 0.31 million versus USD 1.15 million in the corresponding period of the previous year.

Estate Management

In this reporting period, estate management and rental income activities achieved revenue of USD 0.91 million. Profit from operations was USD 0.51 million versus USD 13.32 million in the previous year. In the same period last year, the operating profit included a one-off gain from the disposal of leasehold property.

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 125.81 million and USD 43.62 million respectively. The cash and bank balances as at 31 March 2016 was USD 26.39 million compared to USD 41.98 million as at 30 June 2015, following the dividend payment. The trade receivables at USD 30.84 million, trade payables, other payables and provision at USD 41.63 million and inventories at USD 37.67 million were in line with the business activities.

For this reporting period, net cash used in operating activities was USD 0.49 million. Net cash used in investment activities was USD 6.77 million and dividend payment was USD 7.11 million. The total net decrease in cash and bank balances was USD 14.37 million, bringing the total cash and bank balances to USD 26.39 million as at 31 March 2016. Total shareholders fund was USD 82.15 million and the Group net asset value (NAV) per share was USD 41.26 cents as at 31 March 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 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 uncertain and consumer sentiment has turned gloomier. Major economies have not shown clear signs of recovery and have forecasted lower growth for 2016. 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 March 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 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 third quarter ended 31 March 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
12th May 2016