

Unaudited Financial Statements for the 3rd Quarter and Nine Months Ended 31 March 2017

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 2017. 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 31/03/2017 US\$'000	3rd quarter ended 31/03/2016 US\$'000	% increase/ (decrease)	9 months ended 31/03/2017 US\$'000	9 months ended 31/03/2016 US\$'000	% increase/ (decrease)
Revenue	45,062	38,925	15.8%	138,363	127,188	8.8%
Cost of sales:						
Raw material and consumables	(33,375)	(29,122)	14.6%	(103,557)	(96,559)	7.2%
Manufacturing expenses	(5,345)	(5,229)	2.2%	(16,694)	(16,551)	0.9%
Other operating expenses	(130)	(480)	(72.9%)	(1,217)	(1,601)	(24.0%)
Direct depreciation/amortisation	(534)	(623)	(14.3%)	(1,606)	(1,595)	0.7%
	(39,384)	(35,454)	11.1%	(123,074)	(116,306)	5.8%
Gross profit	5,678	3,471	63.6%	15,289	10,882	40.5%
Other income	79	2	n.m.	260	310	(16.1%)
Other expenses:						
Business development expenses	(1,072)	(850)	26.1%	(3,217)	(2,475)	30.0%
General and administrative expenses	(1,479)	(1,227)	20.5%	(4,428)	(3,662)	20.9%
Indirect depreciation	(125)	(135)	(7.4%)	(420)	(330)	27.3%
Foreign exchange (loss)/gain	(89)	(347)	(74.4%)	325	(1,533)	n.m.
Mark to market valuation gain	-	-	0.0%	-	249	n.m.
	(2,765)	(2,559)	8.1%	(7,740)	(7,751)	(0.1%)
Profit before tax	2,992	914	227.4%	7,809	3,441	126.9%
Income tax expense						
Current period	(534)	(167)	219.8%	(1,329)	(842)	57.8%
Prior period	-	(1)	n.m.	(19)	152	n.m.
Profit after tax	2,458	746	229.5%	6,461	2,751	134.9%
Attributable to:						
Equity holders of the Company	2,463	746	230.2%	6,469	2,748	135.4%
Non-controlling interests	(5)	-	n.m.	(8)	3	n.m.
	2,458	746	229.5%	6,461	2,751	134.9%

Notes to the Income Statement:

n.m. : not meaningful

Statements of comprehensive income

For the third quarter and nine months ended 31 March 2017

	The Group					
	3rd quarter ended 31/03/2017 US\$'000	3rd quarter ended 31/03/2016 US\$'000	% increase/ (decrease)	9 months ended 31/03/2017 US\$'000	9 months ended 31/03/2016 US\$'000	% increase/ (decrease)
Profit for the period	2,458	746	229.5%	6,461	2,751	134.9%
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	303	684	(55.7%)	(789)	(34)	n.m.
Other comprehensive (loss)/income for the period	303	684	(55.7%)	(789)	(34)	n.m.
Total comprehensive income for the period, net of tax	2,761	1,430	93.1%	5,672	2,717	108.8%
Total comprehensive income attributable to:						
Equity holders of the Company	2,766	1,430	93.4%	5,680	2,714	109.3%
Non-controlling interests	(5)	-	n.m.	(8)	3	n.m.
	2,761	1,430	93.1%	5,672	2,717	108.8%

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	
	31/03/2017 US\$'000	30/06/2016 US\$'000	31/03/2017 US\$'000	30/06/2016 US\$'000
Assets				
Current assets				
Cash and bank balances	38,898	27,916	33,505	23,928
Trade receivables	31,338	39,026	29,831	36,718
Other receivables and prepayments	2,084	1,674	743	562
Amounts due from subsidiaries	-	-	3,776	4,528
Inventories	32,042	31,069	27,590	27,742
	<u>104,362</u>	<u>99,685</u>	<u>95,445</u>	<u>93,478</u>
Non-current assets				
Property, plant and equipment	8,324	9,238	5,216	5,782
Prepaid lease payments	18,751	19,304	16,132	16,472
Investments in subsidiaries	-	-	12,029	12,029
Other assets	235	237	235	237
Deferred tax assets	78	79	-	-
	<u>27,388</u>	<u>28,858</u>	<u>33,612</u>	<u>34,520</u>
Total assets	<u>131,750</u>	<u>128,543</u>	<u>129,057</u>	<u>127,998</u>
Equity and liabilities				
Current liabilities				
Trade payables, other payables and provision	45,716	40,456	37,939	32,953
Amounts due to subsidiaries	-	-	11,970	10,418
Income tax payable	2,314	2,183	1,735	1,735
	<u>48,030</u>	<u>42,639</u>	<u>51,644</u>	<u>45,106</u>
Non-current liability				
Deferred tax liabilities	712	686	712	686
	<u>712</u>	<u>686</u>	<u>712</u>	<u>686</u>
Total liabilities	<u>48,742</u>	<u>43,325</u>	<u>52,356</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	995	1,783	-	-
Retained earnings	37,346	38,722	32,034	37,539
	<u>83,008</u>	<u>85,172</u>	<u>76,701</u>	<u>82,206</u>
Non-controlling interests	-	46	-	-
Total equity	<u>83,008</u>	<u>85,218</u>	<u>76,701</u>	<u>82,206</u>
Total equity and liabilities	<u>131,750</u>	<u>128,543</u>	<u>129,057</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 31/03/2017		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/03/2017		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**

	3rd quarter ended		9 months ended	
	31/03/2017 US\$'000	31/03/2016 US\$'000	31/03/2017 US\$'000	31/03/2016 US\$'000
Cash flows from operating activities				
Profit before tax	2,992	914	7,809	3,441
Adjustments for:				
Depreciation of property, plant and equipment	488	591	1,511	1,460
Amortisation of prepaid lease payments	171	167	515	464
(Gain)/Loss on disposal of property, plant and equipment	-	(33)	3	(91)
Impairment (gain)/loss on other assets	(4)	-	1	30
Mark to market value for derivative financial instruments	-	-	-	(249)
Interest income	(73)	(94)	(183)	(369)
Foreign exchange loss/(gain)	137	426	(484)	1,233
Operating profit before working capital changes	3,711	1,971	9,172	5,919
Trade receivables	(1,507)	529	7,688	2,328
Other receivables and prepayments	2	(12)	(398)	2,392
Inventories	(3,458)	(3,956)	(973)	(10,479)
Trade payables, other payables and provision	5,329	2,292	5,260	500
Cash generated from operations	4,077	824	20,749	660
Interest received	69	111	171	446
Income tax paid	(280)	(780)	(1,177)	(1,596)
Net cash flows generated from/(used in) operating activities	3,866	155	19,743	(490)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	35	-	152
Purchase of property, plant and equipment	(209)	(1,244)	(755)	(6,920)
Net cash flows used in investing activities	(209)	(1,209)	(755)	(6,768)
Cash flows from financing activities				
Dividends paid on ordinary shares	(3,550)	-	(7,841)	(7,110)
Dividends paid to non-controlling interest of subsidiary	-	-	(8)	-
Repayment of capital to non-controlling interest of subsidiary	(30)	-	(30)	-
Net cash flows used in financing activities	(3,580)	-	(7,879)	(7,110)
Net increase/(decrease) in cash and bank balances	77	(1,054)	11,109	(14,368)
Cash and bank balances at beginning of period	38,702	27,320	27,916	41,978
Effect of currency translation on balances held in foreign currencies	119	122	(127)	(1,222)
Total cash and cash equivalents	38,898	26,388	38,898	26,388

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 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 30 September 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
Dividends paid	-	-	(7,110)	(7,110)	-	(7,110)
Balance at 31 December 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 31 March 2016	44,667	1,746	35,733	82,146	47	82,193

Balance at 1 July 2016	44,667	1,783	38,722	85,172	46	85,218
Total comprehensive income for the period	-	44	1,527	1,571	(2)	1,569
Balance at 30 September 2016	44,667	1,827	40,249	86,743	44	86,787
Total comprehensive (loss)/income for the period	-	(1,135)	2,475	1,340	(1)	1,339
Dividends paid	-	-	(4,291)	(4,291)	-	(4,291)
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	(7)	(7)
Balance at 31 December 2016	44,667	692	38,433	83,792	36	83,828
Total comprehensive income for the period	-	303	2,463	2,766	(5)	2,761
Dividends paid	-	-	(3,550)	(3,550)	-	(3,550)
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	(1)	(1)
Repayment of capital to non-controlling interest of subsidiary	-	-	-	-	(30)	(30)
Balance at 31 March 2017	44,667	995	37,346	83,008	-	83,008

	Share capital	Retained earnings	Total
	US\$'000	US\$'000	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	44,667	34,837	79,504
Total comprehensive income for the period	-	1,365	1,365
Dividends paid	-	(7,110)	(7,110)
Balance at 31 December 2015	44,667	29,092	73,759
Total comprehensive income for the period	-	3,903	3,903
Balance at 31 March 2016	44,667	32,995	77,662

Balance at 1 July 2016	44,667	37,539	82,206
Total comprehensive income for the period	-	190	190
Balance at 30 September 2016	44,667	37,729	82,396
Total comprehensive income for the period	-	399	399
Dividends paid	-	(4,291)	(4,291)
Balance at 31 December 2016	44,667	33,837	78,504
Total comprehensive income for the period	-	1,747	1,747
Dividends paid	-	(3,550)	(3,550)
Balance at 31 March 2017	44,667	32,034	76,701

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 2017, 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

The Group			
3rd quarter ended		9 months ended	
31/03/2017	31/03/2016	31/03/2017	31/03/2016
1.24	0.37	3.25	1.38
1.24	0.37	3.25	1.38

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

Average number of ordinary shares		Average number of ordinary shares	
3rd quarter ended		9 months ended	
31/03/2017	31/03/2016	31/03/2017	31/03/2016
199,099,000	199,099,000	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 31 March 2017 and 2016.

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
31/03/2017	30/06/2016
41.69	42.78
38.52	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 3rd quarter ended 31 March 2017, the Group achieved revenue of USD 45.06 million. The 15.8% increase in revenue as compared to the same period last year was attributed to the increase in demand from existing and new customers. The increase in material costs and manufacturing expenses were in line with the business activities. As a result of higher sales and operating costs improvement, gross profit for this reporting period was USD 5.68 million or 63.6% higher compared to last year. Other expenses increased to USD 2.77 million as compared to USD 2.56 million in the corresponding period of the previous year. This was mainly attributed to higher staff costs in business development and G&A. With a higher gross profit contribution, Group net profit attributable to equity holders for the third quarter rose to USD 2.46 million or 230.2% higher as compared to USD 0.75 million in the same period last year. Earnings per share for this quarter was 1.24 USD cents.

B) Financial position and cash flow

The balance sheet and financial position of the Group remains strong. Total assets and liabilities stood at USD 131.75 million and USD 48.74 million respectively. The cash and bank balances as at 31 March 2017 was USD 38.90 million compared to USD 27.92 million as at 30 June 2016. The trade receivables of USD 31.34 million, trade payables, other payables and provision of USD 45.72 million and inventories of USD 32.04 million were in line with the business activities.

For the nine months ended 31 March 2017, net cash generated from operating activities was USD 19.74 million. Net cash used in investment activities was USD 0.76 million and dividend payment was USD 7.85 million. The total net increase in cash and bank balances was USD 11.11 million, bringing the total cash and bank balances to USD 38.90 million as at 31 March 2017. Total shareholders fund was USD 83.01 million and the Group's net asset value (NAV) per share was USD 41.69 cents as at 31 March 2017.

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 is improving with major economies such as the US and China showing signs of recovery. However, the pace of recovery is still modest and subject to increased geopolitical concerns in the Middle East and North Asia. As such, the directors remain cautious about the outlook of the Group business in 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

Not applicable.

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 third quarter ended 31 March 2017 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 2017