

Unaudited Financial Statements for the 2nd Quarter and 1st Half Ended 31 December 2016

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 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					
	2nd quarter ended 31/12/2016 US\$'000	2nd quarter ended 31/12/2015 US\$'000	% increase/ (decrease)	1st half ended 31/12/2016 US\$'000	1st half ended 31/12/2015 US\$'000	% increase/ (decrease)
Revenue	45,775	44,348	3.2%	93,302	88,263	5.7%
Cost of sales:						
Raw material and consumables	(34,319)	(33,982)	1.0%	(70,183)	(67,438)	4.1%
Manufacturing expenses	(5,318)	(5,860)	(9.2%)	(11,349)	(11,322)	0.2%
Other operating expenses	(516)	(523)	(1.3%)	(1,087)	(1,122)	(3.1%)
Direct depreciation/amortisation	(534)	(558)	(4.3%)	(1,072)	(971)	10.4%
	(40,687)	(40,923)	(0.6%)	(83,691)	(80,853)	3.5%
Gross profit	5,088	3,425	48.6%	9,611	7,410	29.7%
Other income	114	117	(2.6%)	181	309	(41.4%)
Other expenses:						
Business development expenses	(1,100)	(869)	26.6%	(2,145)	(1,624)	32.1%
General and administrative expenses	(1,390)	(1,383)	0.5%	(2,950)	(2,435)	21.1%
Indirect depreciation	(149)	(112)	33.0%	(295)	(195)	51.3%
Foreign exchange gain/(loss)	378	274	38.0%	414	(1,186)	n.m.
Mark to market valuation gain	-	-	0.0%	-	249	n.m.
	(2,261)	(2,090)	8.2%	(4,976)	(5,191)	(4.1%)
Profit before tax	2,941	1,452	102.5%	4,816	2,528	90.5%
Income tax expense						
Current period	(452)	(161)	180.7%	(795)	(675)	17.8%
Prior period	(14)	108	n.m.	(19)	152	n.m.
Profit after tax	2,475	1,399	76.9%	4,002	2,005	99.6%
Attributable to:						
Equity holders of the Company	2,476	1,397	77.2%	4,004	2,002	100.0%
Non-controlling interests	(1)	2	n.m.	(2)	3	n.m.
	2,475	1,399	76.9%	4,002	2,005	99.6%

Notes to the Income Statement:

n.m. : not meaningful

Statements of comprehensive income

For the second quarter and first half ended 31 December 2016

	The Group					
	2nd quarter ended 31/12/2016 US\$'000	2nd quarter ended 31/12/2015 US\$'000	% increase/ (decrease)	1st half ended 31/12/2016 US\$'000	1st half ended 31/12/2015 US\$'000	% increase/ (decrease)
Profit for the period	2,475	1,399	76.9%	4,002	2,005	99.6%
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	(1,135)	82	n.m.	(1,091)	(717)	52.2%
Other comprehensive (loss)/income for the period	(1,135)	82	n.m.	(1,091)	(717)	52.2%
Total comprehensive income for the period, net of tax	1,340	1,481	(9.5%)	2,911	1,288	126.0%
Total comprehensive income attributable to:						
Equity holders of the Company	1,341	1,479	(9.3%)	2,913	1,285	126.7%
Non-controlling interests	(1)	2	n.m.	(2)	3	n.m.
	1,340	1,481	(9.5%)	2,911	1,288	126.0%

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	
	31/12/2016 US\$'000	30/06/2016 US\$'000	31/12/2016 US\$'000	30/06/2016 US\$'000
Assets				
Current assets				
Cash and bank balances	38,702	27,916	33,604	23,928
Trade receivables	29,831	39,026	27,815	36,718
Other receivables and prepayments	2,084	1,674	571	562
Amounts due from subsidiaries	-	-	4,135	4,528
Inventories	28,584	31,069	24,411	27,742
	<u>99,201</u>	<u>99,685</u>	<u>90,536</u>	<u>93,478</u>
Non-current assets				
Property, plant and equipment	8,578	9,238	5,353	5,782
Prepaid lease payments	18,884	19,304	16,245	16,472
Investments in subsidiaries	-	-	12,029	12,029
Other assets	232	237	232	237
Deferred tax assets	77	79	-	-
	<u>27,771</u>	<u>28,858</u>	<u>33,859</u>	<u>34,520</u>
Total assets	<u>126,972</u>	<u>128,543</u>	<u>124,395</u>	<u>127,998</u>
Equity and liabilities				
Current liabilities				
Trade payables, other payables and provision	40,386	40,456	32,317	32,953
Amounts due to subsidiaries	-	-	11,283	10,418
Income tax payable	2,045	2,183	1,579	1,735
	<u>42,431</u>	<u>42,639</u>	<u>45,179</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>43,143</u>	<u>43,325</u>	<u>45,891</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	692	1,783	-	-
Retained earnings	38,434	38,722	33,837	37,539
	<u>83,793</u>	<u>85,172</u>	<u>78,504</u>	<u>82,206</u>
Non-controlling interests	36	46	-	-
Total equity	<u>83,829</u>	<u>85,218</u>	<u>78,504</u>	<u>82,206</u>
Total equity and liabilities	<u>126,972</u>	<u>128,543</u>	<u>124,395</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 31/12/2016		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2016		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**

	2nd quarter ended		1st half ended	
	31/12/2016 US\$'000	31/12/2015 US\$'000	31/12/2016 US\$'000	31/12/2015 US\$'000
Cash flows from operating activities				
Profit before tax	2,941	1,452	4,816	2,528
Adjustments for:				
Depreciation of property, plant and equipment	510	504	1,023	869
Amortisation of prepaid lease payments	172	166	344	297
Loss/(Gain) on disposal of property, plant and equipment	3	17	3	(58)
Impairment loss on other assets	9	11	5	30
Mark to market value for derivative financial instruments	-	-	-	(249)
Interest income	(66)	(125)	(110)	(274)
Foreign exchange (gain)/loss	(641)	(339)	(620)	806
Operating profit before working capital changes	2,928	1,686	5,461	3,949
Trade receivables	1,677	(2,412)	9,195	1,797
Other receivables and prepayments	500	69	(401)	2,404
Inventories	3,010	1,983	2,485	(6,524)
Trade payables, other payables and provision	(1,928)	(4,997)	(71)	(1,792)
Cash generated from/(used in) operations	6,187	(3,671)	16,669	(166)
Interest received	71	160	101	335
Income tax paid	(633)	(800)	(896)	(817)
Net cash flows generated from/(used in) operating activities	5,625	(4,311)	15,874	(648)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	43	-	118
Purchase of property, plant and equipment	(322)	(2,239)	(545)	(5,676)
Net cash flows used in investing activities	(322)	(2,196)	(545)	(5,558)
Cash flows from financing activities				
Dividends paid on ordinary shares	(4,291)	(7,110)	(4,291)	(7,110)
Dividends paid to non-controlling interest of subsidiary	(7)	-	(7)	-
Net cash flows used in financing activities	(4,298)	(7,110)	(4,298)	(7,110)
Net increase/(decrease) in cash and bank balances	1,005	(13,617)	11,031	(13,316)
Cash and bank balances at beginning of period	37,929	40,674	27,916	41,978
Effect of currency translation on balances held in foreign currencies	(232)	263	(245)	(1,342)
Total cash and cash equivalents	38,702	27,320	38,702	27,320

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	-	(799)	605	(194)	1	(193)
Balance at 30 September 2015	44,667	981	40,700	86,348	47	86,395
Total comprehensive income for the period	-	82	1,397	1,479	2	1,481
Dividends paid	-	-	(7,110)	(7,110)	-	(7,110)
Balance at 31 December 2015	44,667	1,063	34,987	80,717	49	80,766
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)	2,476	1,341	(1)	1,340
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	38,434	83,793	36	83,829
	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			
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			

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 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

The Group			
2nd quarter ended		1st half ended	
31/12/2016	31/12/2015	31/12/2016	31/12/2015
1.24	0.70	2.01	1.01
1.24	0.70	2.01	1.01

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	
2nd quarter ended		1st half ended	
31/12/2016	31/12/2015	31/12/2016	31/12/2015
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 December 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 31/12/2016	As at 30/06/2016
42.09	42.78
39.43	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 2nd quarter ended 31 December 2016, the Group achieved revenue of USD 45.78 million. This was 3.2% higher compared to the same period last year. The increase in turnover was mainly attributed to the launch of a new project into mass production. Gross profit for this reporting period was USD 5.09 million or 48.6% higher compared to last year. The increase in gross profit was attributed to higher sales and improvement in costs of sales. Business Development expenses were USD 0.23 million higher due to higher staff costs, whereas G&A expenses remained comparable to the 2nd quarter of the previous year. As a result of higher gross profit, Group net profit attributable to equity holders rose 77.2% to USD 2.48 million compared to 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 the financial position of the Group remain strong. Total assets and liabilities stood at USD 126.97 million and USD 43.14 million respectively. The cash and bank balances as at 31 December 2016 was USD 38.70 million compared to USD 27.92 million as at 30 June 2016. The trade receivables of USD 29.83 million, trade payables, other payables and provision of USD 40.39 million and inventories of USD 28.58 million were in line with the business activities.

For this reporting period, net cash generated from operating activities was USD 15.87 million. Net cash used in investment activities was USD 0.55 million and dividend payment was USD 4.3 million. The total net increase in cash and bank balances was USD 11.03 million, bringing the total cash and bank balances to USD 38.70 million as at 31 December 2016. Total shareholders fund was USD 83.79 million and the Group's net asset value (NAV) per share was USD 42.09 cents as at 31 December 2016.

C) Dividend

2017 marks the 25th anniversary of the Company's listing on the SGX-ST. To commemorate the silver jubilee of our listing, the directors are pleased to declare a special interim tax-exempt one-tier dividend of 2.5 SG cents per ordinary share amounting to S\$4,977,475 (equivalent to US\$3,509,961) in respect of the financial year ending 30 June 2017.

The directors would like to express their gratitude to all shareholders for their support over the years.

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 economy is showing signs of moderate improvement. China's economic growth rate has stabilised and the US economy continues to expand with optimism in 2017. However, the potential trade policy changes by the new US administration has given rise to uncertainty in the global economic outlook. As such, 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	Special Interim
Dividend type	Cash
Dividend amount per share	S\$0.025
Tax rate	One-Tier Tax Exempt

(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

The special interim dividend will be paid on 10th March 2017.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed on 28th February 2017 for the preparation of dividend warrants.

Duly completed transfers in respect of ordinary shares of the Company received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) at 80 Robinson Road, #02-00, Singapore 068898, up to 5.00 pm on 27th February 2017, will be registered to determine shareholders' entitlements to the special interim dividend. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 pm on 27th February 2017 will be entitled to the special interim dividend.

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 first quarter ended 31 December 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
9th February 2017