

Unaudited First Quarter Financial Statements for the Period Ended 30 September 2015

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 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		
	3 months ended 30/09/2015 US\$'000	3 months ended 30/09/2014 US\$'000	% increase/ (decrease)
Revenue	43,915	47,538	(7.6%)
Cost of sales:			
Raw material and consumables	(33,455)	(35,872)	(6.7%)
Manufacturing expenses	(5,462)	(5,725)	(4.6%)
Other operating expenses	(600)	(821)	(26.9%)
Direct depreciation/amortisation	(413)	(352)	17.3%
	(39,930)	(42,770)	(6.6%)
Gross profit	3,985	4,768	(16.4%)
Other income	192	326	(41.1%)
Other expenses:			
Business development expenses	(756)	(1,239)	(39.0%)
General and administrative expenses	(1,052)	(1,437)	(26.8%)
Indirect depreciation	(83)	(121)	(31.4%)
Foreign exchange (loss)/gain *	(1,460)	145	n.m.
Mark to market valuation gain/(loss)	249	(416)	n.m.
	(3,102)	(3,068)	1.1%
Profit before income tax	1,075	2,026	(46.9%)
Income tax expense			
Current period	(514)	(476)	8.0%
Prior period	45	50	(10.0%)
Profit after income tax	606	1,600	(62.1%)
Attributable to:			
Equity holders of the Company	605	1,598	(62.1%)
Non-controlling interests	1	2	(50.0%)
	606	1,600	(62.1%)

Notes to the income statement:

n.m. : not meaningful

* Foreign exchange loss was mainly due to unrealized translation differences resulting from fluctuation of exchange rate.

Statements of comprehensive income
For the first quarter ended 30 Sep 2015

	The Group		
	3 months ended 30/09/2015 US\$'000	3 months ended 30/09/2014 US\$'000	% increase/ (decrease)
Profit for the period	606	1,600	(62.1%)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(799)	(323)	147.4%
Other comprehensive loss for the period	(799)	(323)	147.4%
Total comprehensive income for the period, net of tax	(193)	1,277	n.m.
Total comprehensive income attributable to:			
Equity holders of the Company	(194)	1,275	n.m.
Non-controlling interests	1	2	(50.0%)
	(193)	1,277	(115.1%)

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	
	30/09/2015 US\$'000	30/06/2015 US\$'000	30/09/2015 US\$'000	30/06/2015 US\$'000
Assets				
Current assets				
Cash and bank balances	40,674	41,978	36,948	32,048
Trade receivables	28,955	33,164	26,272	30,422
Other receivables and prepayments	1,826	4,187	1,009	3,367
Amounts due from subsidiaries	-	-	6,075	3,996
Inventories	35,700	27,193	33,085	24,700
	<u>107,155</u>	<u>106,522</u>	<u>103,389</u>	<u>94,533</u>
Non-current assets				
Property, plant and equipment	7,143	4,277	3,971	2,426
Prepaid lease payments	19,480	19,902	16,813	16,927
Investment in subsidiaries	-	-	12,029	12,029
Other assets	245	264	245	264
	<u>26,868</u>	<u>24,443</u>	<u>33,058</u>	<u>31,646</u>
Total assets	<u>134,023</u>	<u>130,965</u>	<u>136,447</u>	<u>126,179</u>
Equity and liabilities				
Current liabilities				
Trade payables, other payables and provision	44,332	41,245	37,650	33,701
Amounts due to subsidiaries	-	-	16,708	11,162
Derivative financial instruments	-	249	-	249
Income tax payable	2,948	2,559	2,237	1,911
	<u>47,280</u>	<u>44,053</u>	<u>56,595</u>	<u>47,023</u>
Non-current liability				
Deferred tax liabilities	348	324	348	324
	<u>348</u>	<u>324</u>	<u>348</u>	<u>324</u>
Total liabilities	<u>47,628</u>	<u>44,377</u>	<u>56,943</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	981	1,780	-	-
Retained earnings	40,700	40,095	34,837	34,165
	<u>86,348</u>	<u>86,542</u>	<u>79,504</u>	<u>78,832</u>
Non-controlling interests	47	46	-	-
Total equity	<u>86,395</u>	<u>86,588</u>	<u>79,504</u>	<u>78,832</u>
Total equity and liabilities	<u>134,023</u>	<u>130,965</u>	<u>136,447</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 30/09/2015		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 30/09/2015		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**

	3 months ended	
	30/09/2015 US\$'000	30/09/2014 US\$'000
Cash flows from operating activities		
Profit before income tax	1,075	2,026
Adjustments for :		
Depreciation of property, plant and equipment	365	360
Amortisation of prepaid lease payment	131	113
Gain on disposal of property, plant and equipment	(75)	(27)
Impairment loss of other assets	19	-
Mark to market value for derivative financial instruments	(249)	416
Interest income	(149)	(133)
Net foreign exchange on translation	1,145	(138)
Operating profit before working capital changes	2,262	2,617
Trade receivables	4,209	(3,367)
Other receivables and prepayments	2,335	(442)
Inventories	(8,507)	(1,148)
Trade payables, other payables and provision	3,205	1,332
Amounts due to holding company	-	17
Cash generated from/(used in) operations	3,504	(991)
Interest received	175	129
Income tax paid	(17)	(25)
Net cash flows generated from/(used in) operating activities	3,662	(887)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	75	27
Purchase of property, plant and equipment	(3,436)	(33)
Net cash flows used in investing activities	(3,361)	(6)
Net increase/(decrease) in cash and bank balances	301	(893)
Cash and bank balances at beginning of period	41,978	57,208
Effect of exchange rate change on balances held in foreign currencies	(1,605)	(109)
Cash and cash equivalents at end of period include the following:		
Cash and bank balances	40,674	56,206
Pledged deposits for derivative financial instruments with banks	-	(3,807)
Total cash and cash equivalents	40,674	52,399

- 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 2014	44,667	3,780	35,426	83,873	80	83,953
Total comprehensive (loss)/income for the period	-	(324)	1,598	1,274	1	1,275
Balance at 30 September 2014	44,667	3,456	37,024	85,147	81	85,228
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

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Company			
Balance at 1 July 2014	44,667	31,597	76,264
Total comprehensive income for the period	-	1,244	1,244
Balance at 30 September 2014	44,667	32,841	77,508
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

- 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 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 |

Group	
3 months ended	
30/09/2015	30/09/2014
0.30	0.80
0.30	0.80

Average number of ordinary shares	
3 months ended	
30/09/2015	30/09/2014
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 30 September 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 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
30/09/2015	30/06/2015
43.37	43.47
39.93	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

Total 3months ended 30/09/2015	Total 3months ended 30/09/2014
US\$'000	US\$'000
42,886	46,414
913	1,077
116	47
43,915	47,538
3,985	4,768
9.1%	10.0%
191	1,823
0.4%	3.9%
472	572
412	(369)
1,075	2,026
2.4%	4.3%
605	1,598

For the 1st quarter ended 30 September 2015, the Group achieved revenue of USD 43.92 million. This was 7.6% lower compared to the same period last year. Gross profit was USD 3.99 million compared to USD 4.77 million in the previous year. The decrease in gross profit was mainly due to lower EMS sales in this reporting period as compared to the same period last year. Profit attributable to equity holders was USD 0.61 million. In this reporting period, the group incurred a USD 1.46 million foreign exchange translation loss as a result of the weakening of the IDR, RMB and SGD against the USD.

EMS

In this reporting period, EMS activities saw weaker orders as compared to the same period last year. This came about as several of the Company's customers experienced slower end market demand. Manufacturing expenses was in line with the level of manufacturing activities. In business development expenses, the reduction in expenses came mainly from lower overhead costs and the re-classification of certain manpower expenses to manufacturing expenses compared to the same period last year. The decrease in G&A expenses as compared to the previous year was a result of lower overhead costs.

Estate Management and Rental Income

In this reporting period, estate management and rental income activities achieved revenue of USD 0.91 million and a profit from operations of USD 0.47 million. In other operating expenses, the reduction in expenses to USD 0.60 million from USD 0.82 million the previous year was mainly due to lower overhead costs. Revenue and profit from operations were 15.2% and 17.5% lower respectively. The reduction in revenue and profit from operations was mainly due to the termination of a contract with a logistics customer in this reporting period.

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 134.02 million and USD 47.63 million respectively. The cash and bank balances as at 30 September 2015 was USD 40.67 million compared to USD 41.98 million as at 30 June 2015. The trade receivables of USD 28.96 million, trade payables, other payables and provision of USD 44.33 million and inventories of USD 35.70 million were in line with the business activities.

For this reporting period, net cash generated from operating activities was USD 3.66 million and net cash used in investment activities was USD 3.36 million. The total net increase in cash and bank balances was USD 0.30 million, bringing the total cash and bank balances to USD 40.67 million as at 30 September 2015. Total shareholders fund was USD 86.35 million and the Group's net asset value (NAV) per share was USD 43.37 cents as at 30 September 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 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.

Global growth for 2015 is likely to end slightly lower than 2014 as projected by a recent IMF update. Recovery in advanced economies is expected to pick up moderately whereas emerging markets and developing economies are projected to slowdown. In an environment of declining commodity prices and financial market volatility, downside risk to the outlook of global economies is likely to persist. As such, the directors remain cautious about the Group's business outlook for the next six to twelve 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 30 September 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 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 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
13th November 2015