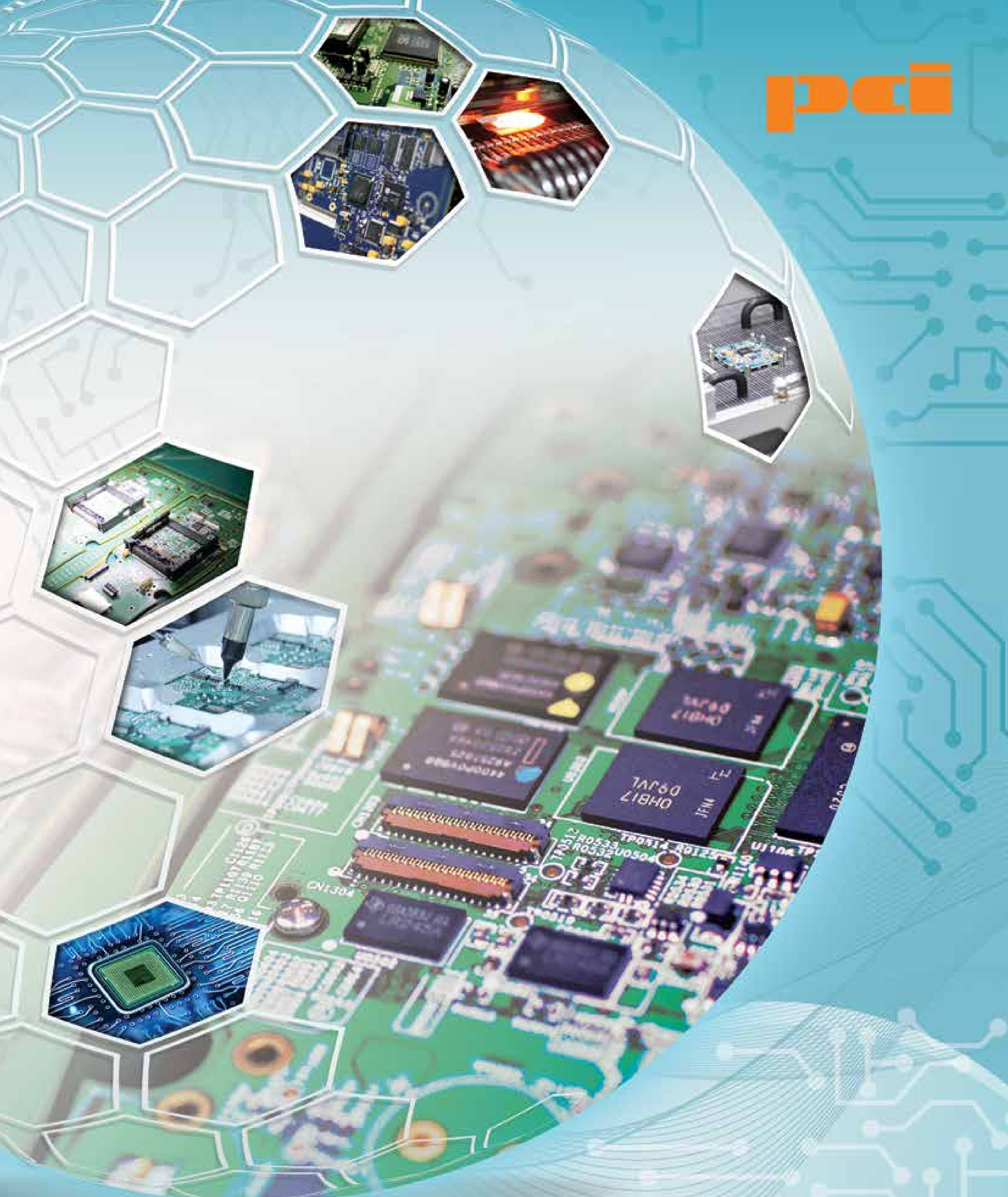

PCI LIMITED
ANNUAL REPORT
2016

MISSION STATEMENT

PCI aims to be a leading global high technology electronics manufacturing services company.

PCI delivers high quality, high value and timely supply chain solutions at competitive cost.

PCI's strategy is to extend its core competency through alliances with a network of technology partners and suppliers to create optimal solutions for customers.

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CORPORATE PROFILE

ELECTRONICS MANUFACTURING SERVICES SOLUTIONS

PCI Limited ("PCI") delivers manufacturing services to a global customer base. Our business is to create competitive advantage for our customers through helping them bring products to market in the quickest possible time, at the right price and performance point, and with the highest quality. Every day PCI provides complete manufacturing supply chain services to leading global technology companies.

Whether we are helping to facilitate the launch of new products, or enhancing the competitiveness of existing projects, PCI offers services at all points in the manufacturing outsourcing cycle. These include design, manufacturing engineering, material sourcing and procurement, assembly, test and logistics. PCI's aim is to add value at each step in the supply chain.

The manufacturing we are engaged in encompasses printed circuit board assembly, user interface panel and complete box-build projects. Examples of projects are networking and wireless communications products, home appliances products, display modules for mobile communications products, user interface panels for computer peripherals and a broad range of medical, industrial and automotive products.

PCI'S COMPETENCIES

PCI's primary strength is the dedication of our employees and their knowledge of all aspects of electronics manufacturing. Combined with a network of technology and supply chain partners we deliver a high quality service. With more than thirty years of experience in providing manufacturing solutions, we have a clear understanding of customer's technology and supply chain needs. PCI has its headquarters in Singapore with manufacturing facilities in Batam, Indonesia and Kunshan, China. We have the flexibility and capacity to meet the most demanding requirements from low volume to high volume projects, including high value and high product mix needs.

We also house our engineering design and development centres in Singapore, Manila, Philippines and Bandung, Indonesia. Our design team provides product manufacturability and test solutions for any stage from between initial design concepts, through to helping facilitate the final touches to a new product. Design engineers interact closely with customer counterparts on all technical aspects of projects with a constant exchange of information and design suggestions. Our design expertise includes radio frequency, global positioning system, liquid crystal module, control panel, printed circuit board and mechanical design.

CORPORATE PROFILE (cont'd)



Manufacturing capabilities consist of a range of medium to high volume surface mount technology (SMT) assembly lines, test and X-ray inspection machines and wire bonding machines, with up to date demonstrated competencies for 01005, chip scale package (CSP), chip on board, chip on flex and chip on glass component assembly. PCI has significant manual assembly (conveyor belt system and cell manufacturing system) capacity to complete medium to high volume module level, or full box build assembly.

PCI provides rapid development of test protocol, and automated test stations for many functional test applications including telecommunications, networking and RF technologies. Our particular strength is in the design and assembly of jigs and fixtures for product test requirements.

SUPPLY CHAIN MANAGEMENT

PCI's supply chain team takes care of our customer's total material requirements, encompassing global procurement, purchasing, and material management. PCI's purchasing leverage helps to secure complete bill of materials in time to meet our customers' product launches and shipment deadlines.

Our procurement team works globally and frequently visits suppliers to evaluate quality, technology and deliverability capabilities. The development of long-term relationships with suppliers allows us to provide customers the support they need to source and procure electronic components and mechanical parts at highly competitive prices. Materials management takes care of the planning and purchasing needs for on time delivery and at the same time controls carefully the customer's material procurement commitment and logistics. When supply problems surface, we will pro-actively offer alternative solutions, including product redesign to replace end of life, costly, or scarce components.

QUALITY

Since receiving our ISO 9002 certification in early 1993, PCI has actively pursued continuous improvement to our management system through standardisation. Today, our facilities are certified with ISO 9001:2008, ISO/TS 16949:2009 (automotive products), and ISO 13485:2012 (medical products). In order to further enhance our management system, we have embarked on the Business Excellence journey through the Singapore Standards, Productivity and Innovation Board (SPRING) Singapore Quality Class (SQC) certification in 2012.

CORPORATE PROFILE (cont'd)

PCI believe in sustainability and we have sound policies and processes in dealing with our environmental impacts, occupational health and safety risks, and labour and ethics issues. We are certified to ISO 14001:2004 and OHSAS 18001:2007. PCI has participated in the Singapore Building and Construction Authority (BCA) Green Mark scheme, and this culminated with our Singapore HQ building being awarded with Gold Award for Existing Building in 2013.

Being an innovative product design partner to our blue-chip customers, we are convinced that quality has to be built into products. Hence, the testing and reliability analysis during the design and development phases are crucial. We are able to provide reliability prediction (MTBF), and failure mode and effect criticality analysis (FMECA) for our designers and hence aid in the reliability growth of the product. We are proficient in conducting various design verification tests (DVT) at our in-house laboratory. In addition, we have a long-standing relationship with TUV-SUD Singapore to conduct a comprehensive suite of environmental qualification tests (EQT) and electromagnetic compatibility tests (EMC) to ensure excellent product reliability.

A DEDICATED PARTNER

PCI is a dependable partner. Our ability to maintain long-term partnership with our customers, many of whom are industry leaders, is a testimony that PCI can deliver. With the objective of offering our customers best-in-class service, we strive to enhance our competencies and capabilities continuously, keeping us relevant and ahead in the arena we operate.

PCI was listed on the then Sesdaq of the Singapore Exchange Securities Trading Limited (the "SGX-ST") in May 1992 and transferred to the Mainboard of the SGX-ST in May 1995.

CHAIRMAN'S STATEMENT

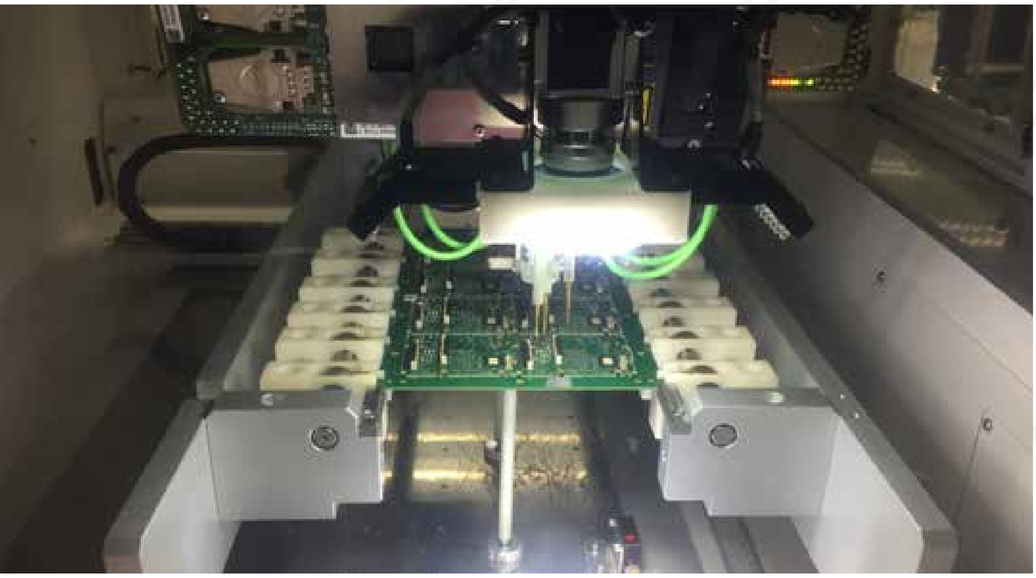
In FY16, the Group operated in an uncertain and slow-growth business environment as the weak economic sentiment we experienced in FY15 continued in FY16. Despite these challenges, the Group was able to maintain a similar level of business volume in FY16 as compared to FY15. For the financial year ended 30 June 2016, the Group achieved a revenue of USD 180.23 million and a net profit attributable to shareholders of USD 5.74 million. The Group's financial position continued to remain strong. As at 30 June 2016, total assets and total liabilities were USD 128.54 million and USD 43.33 million respectively. Earnings per share was 2.88 US cents, bringing the total net asset value per ordinary share as at 30 June 2016 to 42.78 US cents.

The Directors are proposing to pay a one-tier tax exempt first and final dividend of 3 SG cents per ordinary share for the year.

EMS ACTIVITIES

During the financial year, electronics OEMs were faced with weak global market demand. We were not spared from this headwind and saw a marginal decline in EMS revenue for the year. Despite these challenging business conditions, we were encouraged to see strong momentum in new business enquiries and engagement coming from our customers. This reflected the strong partnership we fostered over the years with our customers and the confidence they have in us in supporting their business requirements. Our steadfast dedication to enhance our core competencies and operational efficiencies has gained recognition from new customers. During the year, we continued to secure new customers and supported these customers with high quality new product introduction services.

On the operating front, it was an eventful year during which we went through three relocations. We have relocated our Singapore headquarters to a new building we acquired in FY15. In addition, we have relocated our China manufacturing plant from Shanghai to Kunshan and this was completed in the second quarter of FY16. With the successful relocation in China, we went on to merge our two existing Batam plants into one new plant. The new Batam plant went operational in the third quarter of FY16. During the plant relocation in China and Batam, we took the opportunity to upgrade several manufacturing equipment and added new manufacturing capabilities. We are confident that the refreshed manufacturing setup will support our EMS growth objectives.



ESTATE MANAGEMENT ACTIVITIES

In FY16, the weak industrial property market in Singapore weighed on the performance of estate management and rental activities. The activities achieved a revenue of USD 3.77 million versus USD 4.54 million in FY15. Profit from operations was USD 2.08 million compared to USD 15.46 million in FY15 where the Group booked a gain of USD 13.43 million from the disposal of its Singapore leasehold property.

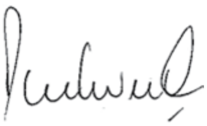
Moving forward, we do not expect estate management and rental activities to contribute significantly to the Group's business, and hence we will not present the activities as a separate business segment from FY17 onwards.

OUTLOOK

The global economic outlook for the next one year is expected to remain challenging. In view of the uncertain business climate, we will continue to exercise prudent cost management and continue to focus on achieving higher operating efficiencies.

APPRECIATION

On behalf of the Board of Directors, I would like to express our gratitude to our customers, business partners and shareholders for their support in FY16. In addition, I would like to commend our Management and staff for their dedication and commitment.



PEH KWEE CHIM
Executive Chairman
29 August 2016

GROUP FINANCIAL HIGHLIGHTS

	2016 US$'000	2015 US$'000	2014 US$'000	2013 US$'000	2012 US$'000
Income Statement					
Revenue	**180,231**	189,374	178,803	183,659	239,085
Profit before taxation	**7,312**	21,874	6,525	3,499	8,433
Profit after taxation	**5,737**	20,184	5,711	3,505	9,030
Profit attributable to equity holders of the Company	**5,736**	20,185	5,704	3,494	9,036
Balance Sheet					
Current Assets	**99,685**	106,522	117,130	113,661	126,372
Property, plant and equipment	**9,238**	4,277	3,418	3,195	4,222
Prepaid lease payments	**19,304**	19,902	5,424	5,812	6,277
Other non-current assets	**316**	264	284	315	315
	128,543	130,965	126,256	122,983	137,186
Current Liabilities	**42,639**	44,053	41,968	39,213	52,128
Deferred tax liabilities	**686**	324	335	316	406
Equity attributable to equity holders of the Company	**85,172**	86,542	83,873	83,381	84,590
Non-controlling interest	**46**	46	80	73	62
	128,543	130,965	126,256	122,983	137,186
Per Ordinary Share					
Net tangible assets per share (US cents)	**42.78**	43.47	42.13	41.88	42.53
Earnings per share (US cents)	**2.88**	10.14	2.86	1.75	4.54
Ordinary Dividend per share (SG cents)	**3.0**	3.0	3.0	3.0	3.0
Special Dividend per share (SG cents)	**-**	2.0	7.0	-	-

MR PEH KWEE CHIM

Executive Chairman

Mr Peh Kwee Chim is the Executive Chairman of PCI. He was appointed as Director and Chairman in November 1989. He was last re-appointed on 22 October 2015. Mr Peh has over 20 years of experience in the contract manufacturing industry and has been instrumental in building up the PCI Group. He oversees the strategic planning and business development of the Group. He is also a member of the Nominating Committee.

Mr Peh is also an Executive Director of Chuan Hup Holdings Limited ("Chuan Hup") and sits on its Nominating Committee. He was one of the founders of Chuan Hup in 1970. Mr Peh was also a Director of CH Offshore Ltd from 1 June 2010 to 27 February 2015.

Mr Peh graduated from the University of Western Australia in 1969 with a Bachelor of Engineering (Mechanical) degree.

MR PEH SIONG WOON TERENCE

Executive Vice Chairman

Mr Peh Siong Woon Terence is the Executive Vice Chairman of PCI. He was appointed as an Executive Director on 28 December 2011 and Executive Vice Chairman on 13 August 2013. He was last re-elected on 22 October 2015. As Executive Vice Chairman, he assists the Chairman in overseeing the strategic planning and business development of the Group.

Mr Peh is also the Chief Executive Officer and an Executive Director of Chuan Hup. Mr Peh was the Deputy Financial Controller of Chuan Hup from July 2002 to October 2005. From July 2002 to September 2005, he was seconded to CH Offshore Ltd as Chief Financial Officer. As Chief Financial Officer, he oversaw the financial affairs of CH Offshore Ltd. From July 2000 to June 2002, Mr Peh was the Finance Manager at Chuan Hup and was responsible for its cash management, treasury functions, account payables and banking relations. Prior to his appointment with Chuan Hup, he was a Finance Manager at PCI and was responsible for its cash management and treasury functions.

Mr Peh was an Alternate Director to Mr Peh Kwee Chim on the Board of CH Offshore Ltd from 1 June 2010 to 16 August 2013 and 19 December 2014 to 27 February 2015.

Mr Peh obtained his Bachelor of Commerce in Marketing degree from Curtin University of Technology, Australia in 1996 and his Master of Commerce in Finance degree from the University of New South Wales, Australia in 1997.

BOARD OF DIRECTORS

MR LOH KEE KONG

Non-Executive Director

Mr Loh Kee Kong is a Non-Executive Director of PCI. He was appointed as an Executive Director in August 1989 and re-designated as a Non-Executive Director on 28 December 2011. He was last re-elected on 24 October 2014 and will be due for re-election at the coming Annual General Meeting ("AGM"). Mr Loh is a member of the Audit and Remuneration Committees.

Mr Loh is also a Director of Finbar Group Limited, which is listed on the Australian Securities Exchange.

Mr Loh graduated from the then University of Singapore in 1976 with a Bachelor of Accountancy degree and is a member of the Institute of Singapore Chartered Accountants.

MR LO PANG FOO STEVEN

Lead Independent Director

Mr Lo Pang Foo Steven is the Lead Independent Director of PCI. He was appointed to this position on 28 December 2011. He was last re-elected on 24 October 2014 and will be due for re-election at the coming AGM. He is the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee.

Mr Lo is a Director of Drew & Napier LLC. He has more than 20 years of experience in the legal sector. His practice focuses on corporate finance and mergers and acquisitions.

Mr Lo is also a Council Member of and Legal Advisor to HCA Hospice Care and is an Adjunct Lecturer at Singapore Management University (Financial and Securities Regulation).

Mr Lo graduated from the National University of Singapore with an LLB (Hons) in 1995 and was admitted to the Singapore Bar in 1996. He subsequently obtained his LLM from the University of Cambridge in 1998 and was admitted to the Rolls of Solicitors of England & Wales in 2000 as a non-practising member.

MR HO SOO CHING

Non-Executive, Independent Director

Mr Ho Soo Ching is a Non-Executive, Independent Director. He was appointed to this position on 3 November 2014. He was last re-elected on 22 October 2015. He is also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Mr Ho spent over 20 years of his career in the financial services industry in various organisations including merchant banking and private equity investment. He has also spent time in other sectors including telecommunications, civil engineering and transportation. He retired as the chief executive officer of a public listed company in 2011.

Mr Ho obtained his Bachelor of Science in Industrial Chemistry from Loughborough University in 1971 and his Master of Science in Operational Research and Management Science degree from Imperial College London in 1974.

SENIOR MANAGEMENT

MR TEO ENG LIN
Chief Executive Officer

Mr Teo Eng Lin joined PCI in June 1995 as Sourcing and Marketing Support Manager. He was appointed Business Development Manager in September 2000 and Vice President, Business Development in October 2001, responsible for the business development of the EMS Division. Mr Teo was appointed as Assistant Chief Operating Officer in November 2002 and as Chief Operating Officer in October 2003. On 1 July 2010, he was promoted to Chief Executive Officer. As Chief Executive Officer, he is responsible for the business, operations and the overall performance of the Group.

Mr Teo graduated from the National University of Singapore in 1991 with a Bachelor of Electrical Engineering degree.

MR THOMAS MULJADI HANDOJO
Senior Vice President, Business Development

Mr Thomas Muljadi Handojo joined PCI in August 1994 as a Product Engineer and was appointed Program Manager in July 1997. He was appointed Business Development Manager in July 2000 and promoted to Vice President, Business Development in 2009, responsible for Business Development and Engineering. He was promoted to Senior Vice President, Business Development in July 2014.

Mr Handojo obtained his Bachelor of Electronics Engineering degree from Trisakti University of Jakarta in 1993 and his MBA degree in Management of Technology from the Nanyang Technological University of Singapore in 1998.

MR CHAN JIN HOU, DOMINIC
Senior Vice President, Operations

Mr Chan Jin Hou, Dominic joined PCI in April 2003 as Head of Purchasing and was promoted to Material Operations Manager in February 2005. In April 2006, he was appointed General Manager of Batam Operations. Mr Chan held the position of Senior Manager, Order Fulfillment and Planning in 2007 and was promoted to Vice President, Order Fulfillment and Planning in 2009. He was promoted to Senior Vice President, Operations in July 2014.

Mr Chan obtained his Bachelor of Engineering degree from the Nanyang Technological University of Singapore in 2000. In 2012, he graduated from the Global Executive Master in Business Administration program of the University of California, Los Angeles and the National University of Singapore.

MR TAN QUEE LIM
Vice President, Manufacturing

Mr Tan Quee Lim joined PCI in January 1992 as Senior Process Engineer and was appointed Engineering Manager in June 1994. He was promoted to Manufacturing Engineering Manager in May 1999. Mr Tan was appointed as Operations Manager in July 2001. He assumed the appointment of General Manager, Batam Operations in March 2008 and is responsible for managing the Batam operations. He was promoted to Vice President, Manufacturing in September 2014. He is also responsible for managing the China manufacturing activities.

Prior to joining PCI, Mr Tan worked in the quality department of a US-based multinational company.

Mr Tan obtained his Diploma in Electronics and Communication Engineering from the Singapore Polytechnic in 1983.

SENIOR MANAGEMENT

MR ELDON WAN

Senior Vice President, Finance

Mr Eldon Wan was appointed as Senior Vice President, Finance in October 2014. He is responsible for all accounting, financial and taxation matters of the PCI Group.

Mr Wan is concurrently the Head, Corporate Development of Chuan Hup Holdings Limited.

Mr Wan has over 20 years of working experience in the finance and accounting sectors. He has cumulated industry experience in mergers and acquisitions, financial and management reporting, budgeting, tax, treasury as well as corporate governance and risk management matters. Prior to joining the Group, he was the Group Chief Financial Officer of The Straits Trading Company Limited and the Group Financial Controller of the Tecity Group.

Mr Wan graduated from the Nanyang Technological University of Singapore in 1995 with a Bachelor of Accounting degree and is a Fellow Member of the Institute of Singapore Chartered Accountants.

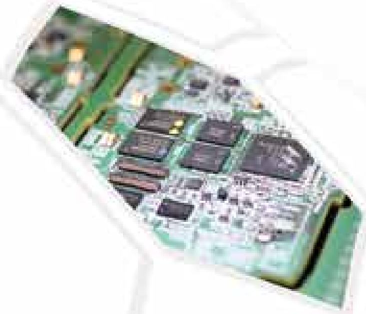
MR LUKE LOH TIONG KOON

Vice President, Quality and Human Resource

Mr Luke Loh Tiong Koon joined PCI in December 2006 as Senior Quality Engineer and was appointed Manager, Quality Management System in 2010. In 2013, he was appointed Senior Manager, Quality and Ops Excellence. He was promoted to Vice President, Quality and Human Resource in July 2014. He is responsible for quality assurance and human resource management matters of the Group.

Mr Loh obtained his Bachelor of Engineering degree from the Nanyang Technological University of Singapore in 2002. In 2010, he was awarded SPRING's Management Development Scholarship to pursue the Master of Business Administration degree from Nanyang Technological University of Singapore. He graduated on the Dean's Honours List in July 2012.

FINANCIAL CALENDAR



30 June 2016
Financial Year End

13 November 2015
Announcement of First Quarter Financial Results

2 February 2016
Announcement of Half Year Financial Results

12 May 2016
Announcement of Third Quarter Financial Results

26 August 2016
Announcement of Full Year Financial Results

27 September 2016
Dispatch of Annual Report to Shareholders

20 October 2016
Annual General Meeting

2 November 2016
Book Closure to Register Members for First and Final Dividend

11 November 2016
Proposed Payment of First and Final Dividend

CORPORATE DATA

BOARD OF DIRECTORS

Mr Peh Kwee Chim
(Executive Chairman)

Mr Peh Siong Woon Terence
(Executive Vice Chairman)

Mr Loh Kee Kong
(Non-Executive Director)

Mr Lo Pang Foo Steven
(Lead Independent Director)

Mr Ho Soo Ching
(Non-Executive, Independent Director)

AUDIT COMMITTEE

Mr Ho Soo Ching
(Chairman)

Mr Loh Kee Kong

Mr Lo Pang Foo Steven

REMUNERATION COMMITTEE

Mr Lo Pang Foo Steven
(Chairman)

Mr Loh Kee Kong

Mr Ho Soo Ching

NOMINATING COMMITTEE

Mr Lo Pang Foo Steven
(Chairman)

Mr Peh Kwee Chim

Mr Ho Soo Ching

COMPANY SECRETARY

Ms Valerie Tan May Wei

REGISTERED OFFICE

35 Pioneer Road North
Singapore 628475
Telephone: (65) 6265 8181
Facsimile: (65) 6262 6682
Website: www.pciltd.com.sg
Email: info@pciltd.com.sg

SHARE REGISTRAR

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITOR

Ernst & Young LLP
One Raffles Quay,
North Tower, Level 18
Singapore 048583

PARTNER-IN-CHARGE

Mr Adrian Koh
Appointed since financial year ended
30 June 2012

PCI is committed to maintaining high standards of corporate governance to ensure greater transparency and maximise long-term shareholder value.

This report describes PCI's key corporate governance practices for the financial year ended 30 June 2016 with reference to the guidelines of the Singapore Code of Corporate Governance 2012 (the "Code"). Where there is any material deviation from any principle of the Code, an explanation has been provided within the Report.

BOARD MATTERS

The Board's Conduct of Affairs (Principle 1)

The Board oversees the business and affairs of the Group. It provides leadership and guidance to Management, sets strategic objectives and ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews Management performance. The Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed. The Board also sets the Company's values and standards, and ensures that obligations to its shareholders and other key stakeholders are understood and met.

The Board is responsible for the Group's overall performance objectives, key operational initiatives, financial plans and annual budgets, major investments, divestments and major funding proposals, financial performance reviews, risk management and corporate governance practices. Each Director exercises his independent judgement to act in good faith and the best interest of the Company to enhance the long-term value of the Group to its shareholders.

The Board is supported by the Board Committees established to assist the Board in discharging its responsibilities of overseeing the Group's affairs and enhancing corporate governance. These Committees are the Audit Committee, the Remuneration Committee and the Nominating Committee.

The Board meets on a regular basis. Where necessary, additional Board meetings are held to deliberate on any ad hoc significant matters. Attendance by telephone and video conference at Board meetings is allowed under PCI's Constitution. An aggregate of 4 Board meetings were held for the financial year ended 30 June 2016. The Directors' attendance at Board meetings and meetings of the various Board Committees during the financial year ended 30 June 2016 are as follows:

Board Meetings

Directors	No. of Meetings Held	No. of Meetings Attended
Mr Peh Kwee Chim	4	4
Mr Loh Kee Kong	4	4
Mr Peh Siong Woon Terence	4	4
Mr Lo Pang Foo Steven	4	4
Mr Ho Soo Ching	4	4

Board Committee Meetings	Audit Committee		Remuneration Committee		Nominating Committee	
Directors	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Mr Peh Kwee Chim	–	–	–	–	1	1
Mr Lo Pang Foo Steven	4	4	1	1	1	1
Mr Loh Kee Kong	4	4	1	1	–	–
Mr Ho Soo Ching	4	4	1	1	1	1

The Company has in place a set of internal controls and guidelines that sets out finance authorisation and approval limits for borrowings, investments, acquisitions, disposals, capital and operating expenditures and expenses. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management to facilitate operational efficiency.

Management briefs new Directors on the Company's business and strategic directions, as well as governance practices. The Company conducts site visits for new Directors. Formal letters are issued to newly-appointed Directors upon their appointment, including details of their duties and responsibilities as Directors. As part of training for the Board, Directors are briefed either during Board and Board Committee meetings or at specially convened sessions on changes to regulations and accounting standards, as well as industry related matters. Where appropriate, Directors are sent for conferences and seminars in relevant fields. Articles and reports relevant to the Group's business are also circulated to the Directors for information.

Board Composition and Guidance
(Principle 2)

The Board currently comprises 5 Directors, 2 of whom are Non-Executive, Independent Directors, 1 of whom is a Non-Executive Director and 2 of whom are Executive Directors. The Non-Executive, Independent Directors are Mr Lo Pang Foo Steven and Mr Ho Soo Ching. The Non-Executive Director is Mr Loh Kee Kong. The Executive Directors are Mr Peh Kwee Chim and Mr Peh Siong Woon Terence. The Nominating Committee assesses the independence of the Directors annually and the Board having taken into account the views of the Nominating Committee, considered Mr Lo Pang Foo Steven and Mr Ho Soo Ching to be independent under the guidelines provided by the Code.

The Directors bring with them a broad range of expertise and experience in areas such as accounting and finance, law, business and management and industry knowledge. The diversity of the Directors' experience allows for the useful exchange of ideas and views and strategic planning experience.

Chairman and Chief Executive Officer
(Principle 3)

Different individuals assume the Chairman and the Chief Executive Officer functions in PCI. There is a clear separation of the roles and responsibilities between the Chairman and the Chief Executive Officer. The Chairman's responsibilities include chairing the Board meetings and guiding the Board on its discussions on significant issues. The Chief Executive Officer is responsible for the business, operations and the overall performance of the Group. The Chairman and the Chief Executive Officer are not related.

Lead Independent Director
(Principle 3)

In line with the recommendations set out in the Code, the Company has appointed Mr Lo Pang Foo Steven as the Lead Independent Director. He is available to shareholders if they have concerns relating to matters that contact through the normal channels of the Chairman, the Chief Executive Officer or the Senior Vice President, Finance has failed to resolve or where such contact is inappropriate.

Board Membership
(Principle 4)

The Nominating Committee comprises Mr Lo Pang Foo Steven (Committee Chairman), Mr Peh Kwee Chim and Mr Ho Soo Ching, the majority of whom, including the Chairman, are Non-Executive, Independent Directors.

The Nominating Committee's functions include reviewing Board succession plans for Directors, evaluating the performance of the Board, Board Committees and Directors, considering and making recommendations to the Board concerning the appointment and re-election of and determining the independence of the Directors. The role and functions of the Nominating Committee are set out in its Terms of Reference.

When selecting new Directors, the Nominating Committee takes into consideration the skills and experience required and the current composition of the Board, and strives to ensure that the Board has an appropriate balance of independent Directors as well as Directors with the right profile of expertise, skills, attributes and experience.

In evaluating a Director's contribution and performance for the purpose of re-election, the Nominating Committee takes into consideration a variety of factors such as attendance, preparedness, participation and candour.

At each Annual General Meeting ("AGM") of the Company, not less than one third of the Directors for the time being (being those who have been longest in office since their last re-election) are required to retire from office by rotation. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. Also, all newly appointed Directors during the year will hold office only until the next AGM and will be eligible for re-election.

Key information on the Directors is set out on pages 7 and 8 of this Annual Report.

The Nominating Committee has reviewed the contribution by each Director taking into account their listed company board representations and other principal commitments. As the Directors have given sufficient time, effort and attention to the affairs of the Company, notwithstanding their other directorships and other principal commitments, the Nominating Committee and the Board are of the view that there is no necessity to regulate the maximum number of listed company board representations that the Directors may hold.

Board Performance
(Principle 5)

The Board has implemented a process carried out by the Nominating Committee, for assessing the effectiveness of the Board as a whole, effectiveness of its Board Committees and the contribution by each individual Director to the effectiveness of the Board on an annual basis. The performance evaluation process covers a range of issues including size and composition of the Board and Board Committees, information management, decision-making, processes, risk and crisis management, communication with Senior Management and stakeholder management. The evaluation and feedback are then consolidated and presented to the Board for discussion on strengths and weaknesses to improve the effectiveness of the Board and its Committees.

Access to Information
(Principle 6)

The Directors are provided with Board papers and related materials, background or explanatory information in advance of each Board Meeting to enable them to be properly informed of matters to be discussed and/or approved, as well as ongoing reports relating to operational and financial performance of the Group. The Board has separate and independent access to Senior Management and the Company Secretary at all times. The Company Secretary also assists the Chairman by ensuring good information flows within the Board and its Committees, and between Senior Management and the Non-Executive Directors. The Company Secretary attends and prepares minutes for all Board Meetings, and her appointment or removal is subject to the Board's approval.

Directors, either individually or as a group, may seek and obtain independent professional advice to assist them in their duties, if necessary, at the expense of PCI.

REMUNERATION MATTERS
(Principles 7, 8 and 9)

The Remuneration Committee comprises Mr Lo Pang Foo Steven (Committee Chairman), Mr Loh Kee Kong and Mr Ho Soo Ching, all of whom are Non-Executive Directors and the majority of whom, including the Chairman, are Independent Directors.

The duties of the Remuneration Committee include the following:

(a) Reviewing and recommending to the Board for endorsement, a framework of remuneration for the Board and key management personnel. The framework covers all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses and benefits in kind;

(b) Reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director, as well as for the key management personnel; and

(c) Reviewing the level and mix of remuneration and benefits, policies and practices of the Company.

The role and functions of the Remuneration Committee are set out in its Terms of Reference, which set out its authorities and duties.

The objective of the Group's remuneration policy is to ensure that the level and structure of the remuneration are aligned with the long-term interests and risk policies of the Company, and that the remuneration is able to attract, retain and motivate the Board to provide good stewardship of the Company and Senior Management to successfully manage the Company and Group as a whole.

The remuneration packages of the key management personnel of the Group generally comprise two components. One component is fixed in the form of a base salary that includes the 13th month based AWS. The other component is variable consisting of performance bonus. The variable portion is largely dependent on the financial performance of the Group and individual performance. The Remuneration Committee strongly supports and endorses the flexible wage system because it gives the Company more flexibility to ride through economic downturns. The Remuneration Committee has adopted set profitability levels to be achieved before performance bonuses are payable. The Remuneration Committee believes that profitability levels best reflect the financial health and performance of the Group's business and is also a key performance measure used by other companies in similar industry.

Presently, the Company does not have any share option scheme.

For financial year ended 30 June 2016, there were no termination, retirement and post-employment benefits granted to Directors, the Chief Executive Officer and the top five key management personnel (who are not Directors or the Chief Executive Officer).

Non-Executive Directors are paid a fixed fee, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The fees of Non-Executive Directors are subject to shareholders' approval at the AGM. Executive Directors do not receive any Directors' fees. No individual Director fixes his own remuneration.

Having reviewed and considered the variable components of remuneration of the Executive Directors and key management personnel, which are moderate, the Remuneration Committee is of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration in exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss to the Company.

The Directors' and the Chief Executive Officer's remuneration is disclosed in bands of USD180,000. The remuneration of the top five key management personnel in the Group (who are not Directors or the Chief Executive Officer of the Company) is shown in bands of USD180,000. Due to the sensitivity and confidentiality of remuneration matters, the Board is of the view that it is in the best interests of the Company not to fully disclose the remuneration of each individual Director, the Chief Executive Officer and the top five key management personnel (who are not Directors or the Chief Executive Officer) and the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the Chief Executive Officer).

No employee of the Company and its subsidiaries was an immediate family member of a Director or the Chief Executive Officer and whose remuneration exceeded USD36,000 during the financial year ended 30 June 2016.

REMUNERATION PAID OR ACCRUED TO DIRECTORS AND THE CHIEF EXECUTIVE OFFICER FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Directors/ Chief Executive Officer of Company	Base Component [1] (%)	Variable Component [2] (%)	Directors' Fees (%)	Total Compensation (%)
USD180,000 to USD359,999				
Peh Kwee Chim	69	31	–	100
Peh Siong Woon Terence	57	43	–	100
Teo Eng Lin (Chief Executive Officer)	76	24	–	100
Below USD180,000				
Loh Kee Kong	–	–	100	100
Lo Pang Foo Steven	–	–	100	100
Ho Soo Ching	–	–	100	100

Notes:

(1) Base component includes base salary, AWS, allowances, benefits in kind, such as the use of Company cars, etc, and employer CPF.

(2) Variable component refers to variable bonus and employer CPF.

REMUNERATION PAID OR ACCRUED TO TOP FIVE KEY MANAGEMENT PERSONNEL (WHO ARE NOT DIRECTORS OR THE CHIEF EXECUTIVE OFFICER) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

Key Management Personnel of Company	Base Component [1] (%)	Variable Component [2] (%)	Total Compensation (%)
Below USD180,000			
Thomas Muljadi Handojo	78	22	100
Chan Jin Hou, Dominic	82	18	100
Eldon Wan	–	100	100
Tan Quee Lim	69	31	100
Luke Loh Tiong Koon	79	21	100

Notes:

(1) Base component includes base salary, AWS, allowances, benefits in kind, such as the use of Company cars, etc and employer CPF.

(2) Variable component refers to variable bonus and employer CPF.

ACCOUNTABILITY AND AUDIT

Accountability
(Principle 10)

The Board through its timely release of the Company's and the Group's quarterly and full year results, aims to provide shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects. The Board also ensures timely and full disclosure of material corporate developments to shareholders.

PCI recognises the importance of providing the Board with a continual flow of relevant information on an accurate and timely basis in order that it may effectively discharge its duties. On a regular basis, Board members are provided with business and financial reports comparing actual performance with budget with highlights on key business indicators and major issues.

Risk Management and Internal Controls
(Principle 11)

The Board has overall responsibility for the governance of the Group's risk management and internal controls. The Board and Management of the Company are fully committed to maintaining sound risk management and internal control systems to safeguard shareholders' interests and the Group's assets.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of the risk management and internal control systems.

The Company has implemented a Risk Management Framework for the identification, assessment, monitoring and reporting of financial, operational, information technology and compliance risks. A system of risk management and internal controls are in place to address, manage or mitigate these risks.

On an annual basis, the Group internal audit function prepares an audit plan taking into consideration risks identified and assessed from the risk management system. This risk-based audit plan is approved by the Audit Committee and audits are conducted to assess the adequacy and effectiveness of the Group's system of internal control in addressing financial, operational, compliance and information technology risks. In addition, material control weaknesses over financial reporting, if any, are highlighted by the external auditor in the course of the statutory audit.

All audit findings and recommendations made by the internal and external auditors are reported to the Audit Committee and significant findings are discussed at the Audit Committee meetings. Management follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the Audit Committee.

The Board has received assurance from the Chief Executive Officer and the Senior Vice President, Finance that:

(a) The financial records of the Group have been properly maintained and the financial statements for the year ended 30 June 2016 give a true and fair view of the Group's operations and finances; and

(b) The system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

Based on the risk management and internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management and the Board Committees as well as the assurance received from the Chief Executive Officer and the Senior Vice President, Finance, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's risk management systems and internal controls were adequate and effective as at 30 June 2016 to address financial, operational, compliance and information technology risks, which the Group considers relevant and material to its operations.

The Board notes that the system of risk management and internal controls established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee
(Principle 12)

The Audit Committee comprises Mr Ho Soo Ching (Committee Chairman), Mr Loh Kee Kong and Mr Lo Pang Foo Steven, all of whom are Non-Executive, and the majority of whom, including the Chairman, are Independent Directors. Mr Ho Soo Ching and Mr Loh Kee Kong have accounting or related financial management expertise and experience. The Board considers Mr Lo Pang Foo Steven as having sufficient financial knowledge and experience to discharge his responsibility as a member of the Committee.

The role of the Audit Committee is documented in its Terms of Reference, which define the purpose, authority and responsibilities of the Audit Committee.

The Audit Committee has full access to and co-operation of Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Audit Committee meets with the internal and external auditors without the presence of Management annually.

The Audit Committee meets at least four times a year. The Audit Committee's duties include the following:

(a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(b) assessing the adequacy and effectiveness of the internal controls (including material financial, operational, compliance and information technology controls) and risk management system;

(c) reviewing the effectiveness of the Company's internal audit function;

(d) reviewing the scope and results of the external audit, independence and objectivity of the external auditor;

(e) making recommendations to the Board on the proposals to the shareholders relating to the appointment, re-appointment and removal of the external auditor, and approving the remuneration of the external auditor;

(f) reviewing and approving processes to regulate interested person transactions and to ensure compliance with the applicable regulations; and

(g) reviewing arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with a view to ensuring that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

Some of the Company's subsidiaries, are audited by different auditors. The names of these auditors are listed on page 59 of the Annual Report. The Board and the Audit Committee are satisfied that the appointment of these auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Board confirms that Rule 712 and Rule 715 read with Rule 716 of the SGX-ST Listing Manual have been complied with.

The Audit Committee has nominated Ernst & Young LLP for re-appointment as auditor of the Company at the forthcoming Annual General Meeting.

There were no non-audit services provided by the external auditor to the Group in FY2016. Accordingly, no non-audit fees were paid to the external auditor in FY2016. This is set out in the notes to the financial statements, together with the amount of fees paid to the external auditor in FY2016 in respect of audit services. As such, the Audit Committee was satisfied with the independence and objectivity of the external auditor.

Changes to accounting standards and accounting issues which have a direct impact on the financial statements were reported to the Audit Committee, and highlighted by the external auditor in their meetings with the Audit Committee.

Interested Person Transactions

The Company has procedures in place to comply with the SGX-ST Listing Manual requirements relating to interested person transactions of the Company.

The aggregate value of interested person transactions ("IPTs") entered into during the financial year under review is as follows:

Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than SGD100,000/ USD71,917 and transactions conducted under shareholders' mandate pursuant to Rule 920) SGD'000/USD'000	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000/USD71,917) SGD'000/USD'000
Chuan Hup Holdings Limited[(1)]	569/410	NIL
ET Designers Pte Ltd[(2)]	927/667	NIL

Notes:

(1) Mr Peh Kwee Chim is the Executive Chairman and a substantial shareholder of the Company. He has a deemed interest of 51.42% and a direct interest of 2.08% of the issued shares in Chuan Hup Holdings Limited. Mr Peh Siong Woon Terence is the Executive Vice Chairman and a substantial shareholder of the Company. He has a deemed interest of 51.42% of the issued shares in Chuan Hup Holdings Limited.

(2) ET Designers Pte Ltd is controlled by Mr Peh Lawrence Teck-Woon, who is the son of Mr Peh Kwee Chim and the brother of Mr Peh Siong Woon Terence.

Whistleblowing Policy

The Company has implemented a whistleblowing policy, which serves to encourage and provide a channel to staff of the Company and any other persons to report in good faith and in confidence, without fear of reprisals, concerns about possible wrongdoing or breach of applicable laws, regulations, policies or other matters. The objectives for such arrangement is to ensure independent investigation of such matters and for appropriate follow-up action. A whistleblower may report concerns about possible improprieties directly to the Chairman of the Audit Committee under confidential mail.

Internal Audit
(Principle 13)

The Company has established an in-house internal audit function that is independent of the activities it audits. The Internal Auditor reports primarily to the Chairman of the Audit Committee and administratively to the Chief Executive Officer. The Internal Auditor carries out its function according to the standards set by recognised professional bodies.

For the financial year ended 30 June 2016, the Audit Committee reviewed and approved the annual internal audit plan and ensured that the internal audit function was adequately resourced and had appropriate standing within the Group and cooperation of the Management to carry out its duties effectively.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholder Rights, Communication with Shareholders and Conduct of Shareholder Meetings (Principles 14, 15 and 16)

The Company communicates information to shareholders and the investing community through announcements that are released to the SGX-ST via SGXNET. Such announcements include the quarterly and full year results, material transactions, and other developments relating to the Group requiring disclosure under the corporate disclosure policy of the SGX-ST. The Company also maintains a website at www.pciltd.com.sg where the public can access information on the Group.

Shareholders are invited to attend, participate and vote at the general meetings. The notice of meetings is given within the stipulated timeline and the shareholders are informed of the relevant rules and voting procedures of the meetings.

The Company fully supports shareholders' participation at Annual General Meetings and Extraordinary General Meetings. Shareholders are informed of general meetings through published notices, reports and circulars sent to all shareholders. The notice of general meeting, which sets out all items of business to be transacted at the general meeting, is also released via SGXNET and published in The Business Times.

A shareholder who is entitled to attend and vote may either vote in person or in absentia through the appointment of one or more proxies (who can either be named individuals nominated by the shareholder to attend the meeting or the Chairman of the meeting as the shareholder may select). The Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold PCI shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at the Annual General Meeting.

The Company's main forum for dialogue and interaction with shareholders takes place at its Annual General Meeting, where the members of the Board, the Chairman of each Board Committee, Senior Management and the external auditor are in attendance. At the Annual General Meeting, shareholders are given the opportunity to air their views and ask questions regarding the Company.

The Board ensures that there are separate resolutions at general meetings of the Company. The external auditor is also present to address shareholders' queries on the conduct of audit and the preparation and content of the auditor's report.

The Company prepares detailed minutes of general meetings, which include substantive comments or queries from shareholders and responses from the Chairman, Board Members and Management. These minutes are available to shareholders upon their request.

To ensure transparency in the voting process, the Company puts all resolutions at general meetings to vote by electronic poll voting. A scrutineer is also appointed to count and validate the votes cast at the meetings. Detailed results showing the number of votes cast for and against each resolution and the respective percentage will be displayed live-on-screen to shareholders/proxies immediately after each poll conducted. The polling results are also announced on the SGX-ST and the Company's website. However, as the authentication of shareholders identity and other related security and integrity of the information still remain a concern, PCI has decided for the time being, not to implement voting in absentia by e-mail or fax.

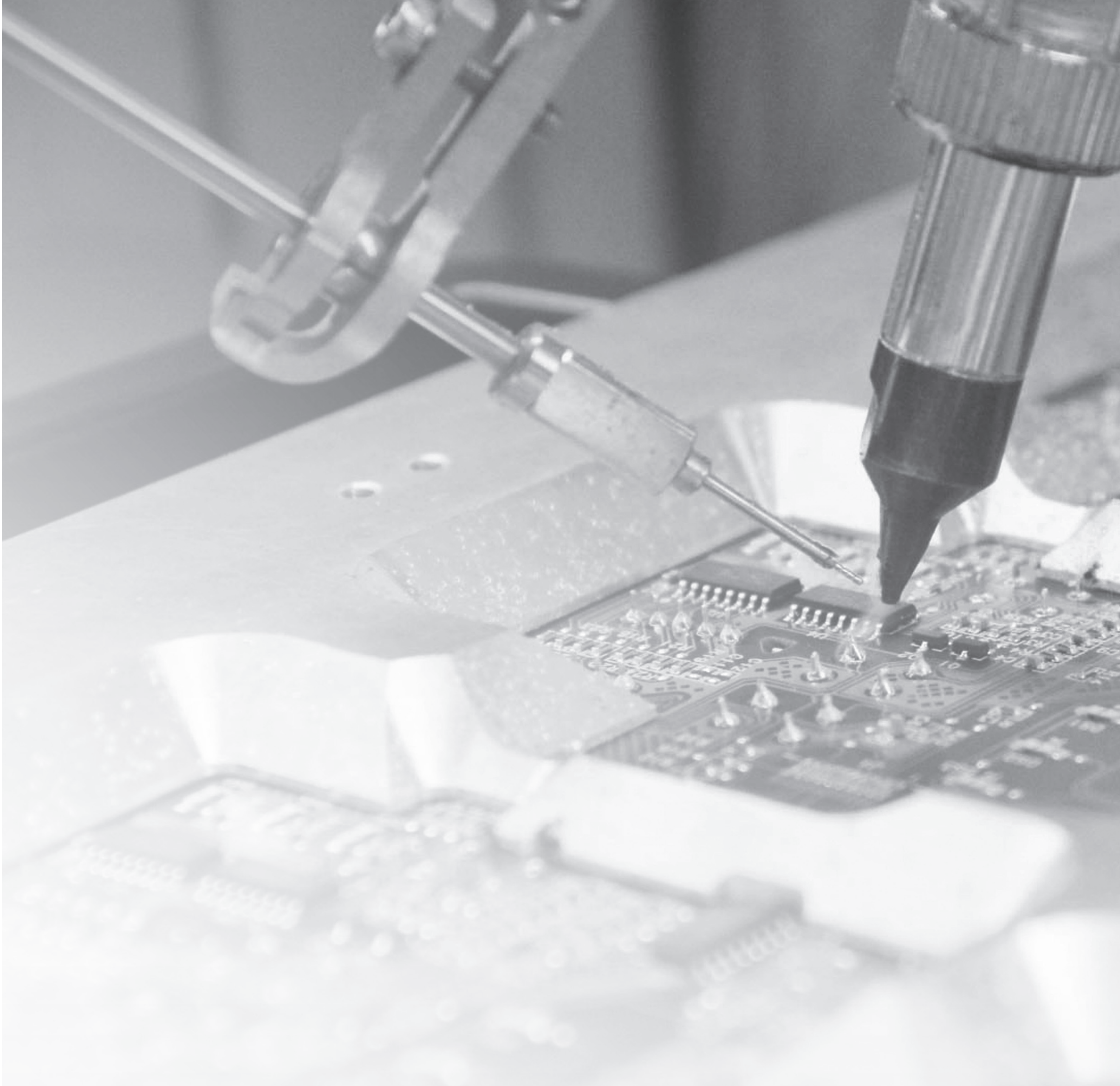
The Company's policy on the payment of dividends (excluding special dividends) is to endeavour – barring unforeseen circumstances – to pay up to fifty percent (50%) of net profit after tax. In considering the level of dividend payments, the Board takes into account various factors including the level of available cash, the return on equity and retained earnings and projected level of capital expenditure and other investment plans.

Dealings in Securities

The Group has clear internal guidelines for dealings in securities by Directors and employees. PCI's Directors and employees are prohibited from dealing in PCI's shares for the period of two weeks prior to the announcement of quarterly results and a period of one month prior to the announcement of year-end results. In addition, Directors and employees are prohibited from dealing in PCI's shares on short-term considerations and/or while in possession of unpublished material price-sensitive information relating to PCI shares.

CONCLUSION

The Company recognises the importance of good corporate governance practices for maintaining and promoting investor confidence. The Company will continue to review and improve its corporate governance practices on an ongoing basis.



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DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of PCI Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 30 June 2016.

Opinion of the directors

In the opinion of the directors,

(a) the accompanying balance sheets, income statements, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the financial performance, changes in equity of the Group and of the Company and the cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Peh Kwee Chim
Loh Kee Kong
Peh Siong Woon Terence
Lo Pang Foo Steven
Ho Soo Ching

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable a director of the Company to acquire benefits by means of the acquisition of shares or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, Chapter 50 of Singapore, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		**Deemed interest**	
Name of director and Company in which interest is held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company				
PCI Limited				
Ordinary shares				
Peh Kwee Chim	–	–	152,701,506[1]	152,701,506[1]
Peh Siong Woon Terence	–	–	152,701,506[1]	152,701,506[1]
Ho Soo Ching	40,000	40,000	10,000[2]	10,000[2]

Name of director and Company in which interest is held	Direct interest At beginning of year	At end of year	Deemed interest At beginning of year	At end of year
Holding Company				
Chuan Hup Holdings Limited				
Ordinary shares				
Peh Kwee Chim	19,379,000	19,379,000	478,264,490(1)	478,264,490(1)
Peh Siong Woon Terence	–	–	478,264,490(1)	478,264,490(1)
Ho Soo Ching	70,000	70,000	40,000(2)	40,000(2)

(1) Deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore and Section 7 of the Companies Act, Chapter 50 of Singapore.

(2) Deemed to have an interest pursuant to Section 164 of the Companies Act, Chapter 50 of Singapore.

The directors' interests as at 21 July 2016 were the same as those at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than as disclosed in the financial statements or in this report), by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest. Certain directors received remuneration from related corporations in their capacities as executives of those related corporations.

Share options

During the financial year, there was:

(a) no option granted by the Company or any corporation in the Group to any person to take up unissued shares of the Company or any corporation in the Group; and

(b) no share issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

At the end of the financial year, there was no unissued share of the Company or any corporation in the Group under option.

Audit committee

The Audit Committee comprises the following Non-Executive Directors at the date of this statement:

Ho Soo Ching (Chairman)
Loh Kee Kong
Lo Pang Foo Steven

All the Audit Committee members, except Mr. Loh Kee Kong, are independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, Chapter 50 of Singapore and the Singapore Exchange Securities Trading Limited Listing Manual. The functions carried out are detailed in the Corporate Governance Report, which is included in the Company's Annual Report for the financial year ended 30 June 2016, and include a review of the financial statements of the Company and of the Group for the financial year and the auditor's report thereon.

There were no non-audit services provided by the firm acting as the auditor to the Group in the financial year ended 30 June 2016. As such, the Audit Committee was satisfied with the independence of the auditor.

The Audit Committee has recommended to the Board that the auditor, Ernst & Young LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

DIRECTORS' STATEMENT

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Peh Siong Woon Terence
Director

Peh Kwee Chim
Director

Singapore
29 August 2016

Report on the financial statements

We have audited the accompanying financial statements of PCI Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 26 to 67, which comprise the balance sheets of the Group and the Company as at 30 June 2016, the income statements, statements of comprehensive income, statements of changes in equity of the Group and the Company and the consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, statement of changes in equity, income statement and statement of comprehensive income of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 30 June 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
29 August 2016

BALANCE SHEETS
AS AT 30 JUNE 2016

	Note	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
Assets					
Current assets					
Cash and bank balances	6	27,916	41,978	23,928	32,048
Trade receivables	7	39,026	33,164	36,718	30,422
Other receivables and prepayments	8	1,674	4,187	562	3,367
Amounts due from subsidiaries	9	–	–	4,528	3,996
Inventories	11	31,069	27,193	27,742	24,700
		99,685	106,522	93,478	94,533
Non-current assets					
Property, plant and equipment	12	9,238	4,277	5,782	2,426
Prepaid lease payments	13	19,304	19,902	16,472	16,927
Investment in subsidiaries	14	–	–	12,029	12,029
Other assets	15	237	264	237	264
Deferred tax assets	17	79	–	–	–
		28,858	24,443	34,520	31,646
Total assets		128,543	130,965	127,998	126,179
Equity and liabilities					
Current liabilities					
Trade payables, other payables and provision	16	40,456	41,245	32,953	33,701
Amounts due to subsidiaries	9	–	–	10,418	11,162
Derivative financial instruments	10	–	249	–	249
Income tax payable		2,183	2,559	1,735	1,911
		42,639	44,053	45,106	47,023
Non-current liability					
Deferred tax liabilities	17	686	324	686	324
		686	324	686	324
Total liabilities		43,325	44,377	45,792	47,347
Equity attributable to equity holders of the Company					
Share capital	18	44,667	44,667	44,667	44,667
Foreign currency translation reserve	19	1,783	1,780	–	–
Retained earnings		38,722	40,095	37,539	34,165
		85,172	86,542	82,206	78,832
Non-controlling interests		46	46	–	–
Total equity		85,218	86,588	82,206	78,832
Total equity and liabilities		128,543	130,965	127,998	126,179

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group 2016 US$'000	Group 2015 US$'000	Company 2016 US$'000	Company 2015 US$'000
Revenue	20	180,231	189,374	171,733	186,165
Cost of sales:					
Raw material and consumables		(136,277)	(142,752)	(128,456)	(135,712)
Manufacturing expenses		(21,983)	(22,680)	(18,961)	(18,208)
Other operating expenses		(2,130)	(3,124)	(110)	–
Direct depreciation/amortisation		(2,203)	(1,376)	(1,325)	(722)
		(162,593)	(169,932)	(148,852)	(154,642)
Gross profit		17,638	19,442	22,881	31,523
Other income	21	461	15,350	422	1,619
Other expenses:					
Business development expenses		(3,632)	(4,063)	(3,780)	(4,232)
General and administrative expenses		(5,424)	(7,770)	(5,974)	(8,607)
Indirect depreciation		(477)	(437)	(448)	(425)
Foreign exchange loss		(1,503)	(378)	(1,684)	(623)
Mark to market valuation gain/(loss)		249	(270)	249	(270)
		(10,787)	(12,918)	(11,637)	(14,157)
Profit before tax	23	7,312	21,874	11,666	18,985
Income tax expense	22	(1,575)	(1,690)	(1,182)	(901)
Profit for the year		5,737	20,184	10,484	18,084
Attributable to:					
Equity holders of the Company		5,736	20,185		
Non-controlling interests		1	(1)		
		5,737	20,184		
Earnings per share (US cents):					
- Basic	24	2.88	10.14		
- Diluted	24	2.88	10.14		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Profit for the year	5,737	20,184	10,484	18,084
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	3	(2,000)	–	–
Other comprehensive gain/(loss) for the year	3	(2,000)	–	–
Total comprehensive income for the year, net of tax	5,740	18,184	10,484	18,084
Total comprehensive income attributable to:				
Equity holders of the Company	5,739	18,185		
Non-controlling interests	1	(1)		
	5,740	18,184		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Group	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
Balance at 1 July 2014	44,667	3,780	35,426	83,873	80	83,953
Profit for the year	–	–	20,185	20,185	(1)	20,184
Other comprehensive income						
Foreign currency translation	–	(2,000)	–	(2,000)	–	(2,000)
Other comprehensive loss, net of tax	–	(2,000)	–	(2,000)	–	(2,000)
Total comprehensive income/(loss) for the year	–	(2,000)	20,185	18,185	(1)	18,184
Contributions by and distributions to owners						
Dividends paid (Note 25)	–	–	(15,516)	(15,516)	–	(15,516)
Dividends paid to non-controlling interest of subsidiary	–	–	–	–	(33)	(33)
Total contributions by and distributions to owners for the year	–	–	(15,516)	(15,516)	(33)	(15,549)
Balance at 30 June 2015	44,667	1,780	40,095	86,542	46	86,588
Balance at 1 July 2015	44,667	1,780	40,095	86,542	46	86,588
Profit for the year	–	–	5,737	5,737	–	5,737
Other comprehensive income						
Foreign currency translation	–	3	–	3	–	3
Other comprehensive income, net of tax	–	3	–	3	–	3
Total comprehensive income for the year	–	3	5,737	5,740	–	5,740
Contributions by and distributions to owners						
Dividends paid (Note 25)	–	–	(7,110)	(7,110)	–	(7,110)
Total contributions by and distributions to owners for the year	–	–	(7,110)	(7,110)	–	(7,110)
Balance at 30 June 2016	44,667	1,783	38,722	85,172	46	85,218

Company	Share capital US$'000	Retained earnings US$'000	Total US$'000
Balance at 1 July 2014	44,667	31,597	76,264
Profit for the year	–	18,084	18,084
Total comprehensive income for the year	–	18,084	18,084
Contributions by and distributions to owners			
Dividends paid (Note 25)	–	(15,516)	(15,516)
Total contributions by and distributions to owners for the year	–	(15,516)	(15,516)
Balance at 30 June 2015 and at 1 July 2015	44,667	34,165	78,832
Profit for the year	–	10,484	10,484
Total comprehensive income for the year	–	10,484	10,484
Contributions by and distributions to owners			
Dividends paid (Note 25)	–	(7,110)	(7,110)
Total contributions by and distributions to owners for the year	–	(7,110)	(7,110)
Balance at 30 June 2016	44,667	37,539	82,206

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Group	
	2016	**2015**
	US$'000	**US$'000**
Cash flows from operating activities		
Profit before tax	7,312	21,874
Adjustments for:		
Depreciation of property, plant and equipment	2,048	1,413
Amortisation of prepaid lease payment	632	400
Loss/(Gain) on disposal of property, plant and equipment and leasehold property	41	(13,455)
Impairment loss on other assets	27	20
Write back of allowance for inventory obsolescence	(864)	(759)
Mark to market value for derivative financial instruments	(249)	270
Interest income	(404)	(566)
Foreign exchange loss/(gain)	1,272	(1,869)
Operating profit before working capital changes	9,815	7,328
Trade receivables	(5,861)	(2,510)
Other receivables and prepayments	2,445	(2,727)
Inventories	(3,012)	1,319
Trade payables, other payables and provision	(789)	1,250
Amounts due from holding company	–	3
Amounts due to holding company	–	(7)
Cash generated from operations	2,598	4,656
Interest received	472	597
Income tax paid	(1,680)	(1,044)
Net cash flows generated from operating activities	1,390	4,209
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment and leasehold property	155	18,282
Purchase of property, plant and equipment and prepaid lease payments	(7,253)	(22,252)
Net cash flows used in investing activities	(7,098)	(3,970)
Cash flows from financing activity		
Dividends paid on ordinary shares	(7,110)	(15,549)
Net cash flows used in financing activity	(7,110)	(15,549)
Net decrease in cash and bank balances	(12,818)	(15,310)
Cash and bank balances at beginning of year	41,978	57,208
Effect of currency translation on balances held in foreign currencies	(1,244)	80
Cash and cash equivalents at end of year include the following:		
Cash and bank balances (Note 6)	27,916	41,978
Pledged deposits for derivative financial instruments with banks (Note 6)	–	(1,448)
Total cash and cash equivalents	27,916	40,530

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

1. General information

PCI Limited (the "Company") is a limited liability company incorporated and domiciled in the Republic of Singapore, with its principal place of business and registered office at 35 Pioneer Road North, Singapore 628475. The Company is listed on the Singapore Exchange Securities Trading Limited. The Company's holding company is Chuan Hup Holdings Limited, incorporated in the Republic of Singapore.

The principal activities of the Company are providing electronics manufacturing services and investment holding. There has been no significant change in the nature of these activities from the previous financial year.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group, the balance sheet, income statement, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States dollars ("USD" or "US$") which is the functional currency of the Group and all values in the tables are rounded to the nearest thousand ("US$'000") as indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 July 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 16 *Property, Plant and Equipment and FRS 41 Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interest in Joint Operations*	1 January 2016
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
FRS 116 *Leases*	1 January 2019
Improvements to FRSs (March 2016)	
(a) Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
(b) Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to FRSs (June 2016)	
Amendments to FRS 115: Clarifications to FRS 115 *Revenue from Contracts with Customers*	1 January 2018

Except for FRS 115, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below:

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Company is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls are lost;

– derecognises the carrying amount of any non-controlling interests;

– derecognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss; or

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly to owners of the Company.

Changes in the Company owners' ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amount of the controlling and non-controlling interests is adjusted to reflect the changes in their relative interests in its subsidiary. Any differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currencies*

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investments in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average rate of the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

Subsequent to recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	-	Over the remaining lease term
Plant and equipment	-	3 to 10 years
Motor vehicles	-	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, estimated useful life and depreciation method are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the financial year the asset is derecognised.

2.8 *Prepaid lease payment*

The prepaid lease payment is initially measured at cost. Following initial recognition, prepaid lease payment is measured at cost less accumulated amortisation. The prepaid lease payment is amortised on a straight-line basis. Amortisation is computed on a straight-line basis over the period as follows:

Prepaid lease payment	-	Over the remaining lease term

2.9 *Club membership*

Club membership was acquired separately and is not amortised as its useful life is infinite. The club membership is tested for impairment annually or more frequently if the events and circumstances indicate that the carrying values may be impaired. The useful life of club membership is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from infinite to finite is made on a prospective basis.

2.10 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those production overheads, where applicable, that have been incurred in bringing the inventories to that present location and condition. Cost is calculated using the moving weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower cost and net realisable value.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.12 *Impairment of non-financial assets*

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset in cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classifications as follows:

(a) <u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

The Group may only designate an instrument at fair value through profit or loss upon initial recognition when the following criteria are met and the designation is determined on an instrument by instrument basis:

– The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis;

– The assets and liabilities are part of a group of financial assets, financial liabilities or both which are managed and their performances evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or

– The financial instrument contains one or more embedded derivatives which significantly modify the cash flows that otherwise would be required by the contract.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss includes exchange differences, interests and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held-for-trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired and through the amortisation process. The Group and the Company's loans and receivables comprise cash and bank balances, trade receivables, other receivables and amounts due from subsidiaries.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the differences between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income are recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there are any objective evidence that a financial asset is impaired:

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amounts of the loss is measured as the differences between the asset's carrying amount and the present values of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying values of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amounts of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the differences between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.15 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and deposits with financial institutions which are subject to an insignificant risk of changes in value.

2.16 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.17 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classifications as follows:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(b) Financial liabilities that are not carried at fair value through profit or loss

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. The Group and the Company's financial liabilities measured at amortised cost comprise trade and other payables and amounts due to related companies.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability and the differences in the respective carrying amount is recognised in profit or loss.

2.18 *Employee benefits*

(a) *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of the countries which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the financial period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.19 *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates and sales taxes or duties. The Group has assessed its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific revenue recognition criteria must also be met before revenue is recognised:

(a) *Sale of goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customers usually on delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) *Rendering of services*

Revenue from services is recognised when service is rendered.

(c) *Rental income*

Rental income arising from operating leases on leasehold property is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) *Dividend income*

Dividend income from investments is recognised when the Group's right to receive payment is established.

(e) *Interest income*

Interest income from fixed deposits is recognised using the effective interest method.

2.20 *Taxes*

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions were appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd)

2.20 *Taxes (cont'd)*

(b) *Deferred tax (cont'd)*

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, an associate and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, an associate and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the financial year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of goods and services tax ("GST") and value added tax ("VAT") recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2. Summary of significant accounting policies (cont'd)

2.21 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.22 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased asset, or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interests on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the financial periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.19 to the financial statements. Contingent rents are recognised as revenue in the financial period in which they are earned.

2.23 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 27 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.

2. Summary of significant accounting policies (cont'd)

2.24 ***Related parties (cont'd)***

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) Both entities are joint ventures of the same third party;

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) The entity is controlled or jointly controlled by a person identified in (a); or

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgements made in applying accounting policies

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) *Impairment assessment for plant and equipment*

Management performed an impairment assessment for plant and equipment held by a cash-generating unit ("CGU"). The recoverable amount of plant and equipment are determined based on value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows. If discount rate had been 5% higher than management's estimates, with all other variables held constant, the recoverable amount would have been US$664,000 lower. No impairment was recognised as the recoverable amount of CGU is higher than its carrying value.

3. Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(b) *Allowance for inventories*

The Group and the Company review its inventory levels in order to identify slow moving and obsolete merchandise. Where the Group and the Company identify items of inventory that had net realisable value that is lower than its carrying amount, the Group and the Company estimate the amounts of inventory loss as allowance on inventory. Management is satisfied that adequate allowance for slow moving and obsolete merchandise has been made in the financial statements. The carrying amounts of inventories as at financial year end are disclosed in Note 11 to the financial statements.

(c) *Taxation and deferred taxation*

Significant judgement is involved in determining the Group and the Company's provision for taxation. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on the estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the financial period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of tax losses carried forward is disclosed in Note 22.

The carrying amount of the Group's income tax payable and net deferred tax liabilities as at 30 June 2016 was US$2,183,000 and US$607,000 (2015: US$2,559,000 and US$324,000), respectively. The carrying amount of the Company's income tax payable and net deferred tax liabilities as at 30 June 2016 was US$1,735,000 and US$686,000 (2015: US$1,911,000 and US$324,000), respectively.

4. Financial instruments, financial risk and capital management

(a) ***Categories of financial instruments***

The following table sets out the financial instruments at the end of the reporting period:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Financial assets				
Loans and receivables	67,780	76,781	58,905	67,613
Financial liabilities				
Derivative financial instruments	–	249	–	249
Financial liabilities measured at amortised cost	33,690	34,835	37,350	40,232

4. Financial instruments, financial risk and capital management (cont'd)

(b) ***Financial risk management policies and objectives***

Risk management is integral to the whole business of the Group and the Company. The management continually monitors the Group's and the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Group's and the Company's activities.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures were measured using sensitivity analysis indicated below:

(i) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's and the Company's exposure to credit risk arises primarily from trade receivables and other receivables. The Group and the Company have adopted a policy of only dealing with recognised and creditworthy counterparties. Trade receivables consist of a large number of customers, spread across Asia Pacific, Europe and North America.

The Group and the Company perform ongoing credit evaluations of its customers' financial conditions and generally does not require collateral. This evaluation includes assessing and valuation of customers' credit reliability and periodic review of their financial status to determine credit limits to be granted.

The Group and the Company do not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, represents the Group's and the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Further details of credit risks on trade receivables and other receivables are disclosed in Notes 7 and 8, respectively to the financial statements.

Cash at banks and fixed deposits are held with creditworthy financial institutions.

(ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. Summary quantitative data of the Group's and the Company's interest bearing financial instruments can be found in Section b(iv) of this note.

There is no sensitivity analysis prepared as the Group and the Company do not expect any material effect on the Group's and the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) *Foreign currency risk*

Foreign currency risk arises from commercial transactions, recognised assets and liabilities and net investments in foreign operations where the commercial transaction or recognised assets and liabilities are dominated in a currency other than the respective functional currencies of Group entities and the Company. The Group's foreign exchange exposures give rise to market risk associated with exchange rate movements against the US$, the Group's functional and reporting currency.

The Group and the Company use forward contracts to hedge their exposures to foreign currency risk in the local reporting currency. Further details of the forward contracts are found in Note 10 to the financial statements.

4. Financial instruments, financial risk and capital management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iii) *Foreign currency risk (cont'd)*

At the end of the reporting period, the material carrying amount of monetary assets and monetary liabilities, including intercompany balances denominated in currencies other than the respective group entities' functional currencies are as follows:

	Group				Company			
	Assets		Liabilities		Assets		Liabilities	
	2016	2015	2016	2015	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Singapore dollars	1,626	13,367	4,603	6,700	1,525	13,163	4,279	5,919
Indonesian rupiah	79	–	138	387	79	–	138	387
United States dollars	5,724	7,145	1,918	788	–	–	–	–
Chinese yuan	7	5,157	–	–	–	4,843	–	–
Euro	4	–	282	68	4	–	282	68

The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

The following table details the sensitivity to a 5% increase/(decrease) in the relevant functional currencies against the foreign currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items (excluding derivative financial instruments) and adjusts their translations at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower.

If the relevant functional currency of each group entity weakens by 5% against the foreign currencies, profit before tax for the financial year will increase/(decrease) by:

	Singapore dollars impact		Indonesian rupiah impact		United States dollars impact		Chinese yuan impact	
	2016	2015	2016	2015	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Group								
Profit before tax for the year	(142)	317	(3)	(18)	181	303	–	246
Company								
Profit before tax for the year	(131)	345	(3)	(18)	–	–	–	231

A 5% strengthening of the relevant foreign currency against the functional currency of each group entity would have resulted in an equal but opposite effect on the financial statements of the Group and the Company, on the basis that all other variables remain constant.

4. Financial instruments, financial risk and capital management (cont'd)

(b) *Financial risk management policies and objectives (cont'd)*

(iv) *Liquidity risk*

Liquidity risk refers to the risk in which the Group and the Company are unable to meet its short-term obligations and this arises from the possibility that customers may not be able to settle their obligations within the normal terms of trade. Liquidity risk is managed by matching the payment and receipt cycle. Management is of the opinion that liquidity risk is minimal as the Group and the Company have sufficient funds generated through operations to meet funding requirements and adequate lines of credit are also maintained to ensure the necessary liquidity.

Liquidity risk analysis

Non-derivative financial liabilities

All financial liabilities of the Group and the Company are repayable on demand or due within one year.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's and the Company's liquidity risk management as the Group's and the Company's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interests that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial asset on the balance sheets:

Group	**Weighted average effective interest rate**	**On demand or within 1 year**	**Within 2 to 5 years**	**Adjustment**	**Total**
	%	**US$'000**	**US$'000**	**US$'000**	**US$'000**
2016					
Non-interest bearing (Notes 7 and 8)	–	39,864	–	–	39,864
Variable interest rate instruments (Note 6)	–	7,190	–	–	7,190
Fixed deposits (Note 6)	0.51	20,726	–	10	20,736
		67,780	–	10	67,790
2015					
Non-interest bearing (Notes 7 and 8)	–	34,803	–	–	34,803
Variable interest rate instruments (Note 6)	–	16,518	–	–	16,518
Fixed deposits (Note 6)	2.05	25,460	–	67	25,527
		76,781	–	67	76,848

4. Financial instruments, financial risk and capital management (cont'd)

(b) ***Financial risk management policies and objectives (cont'd)***

(iv) *Liquidity risk (cont'd)*

Liquidity risk analysis (cont'd)

Non-derivative financial assets (cont'd)

Company	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	Adjustment	Total
	%	US$'000	US$'000	US$'000	US$'000
2016					
Non-interest bearing (Notes 7 and 8)	–	34,977	–	–	34,977
Variable interest rate instruments (Note 6)	–	3,509	–	–	3,509
Fixed deposits (Note 6)	0.50	20,419	–	10	20,429
		58,905	–	10	58,915
2015					
Non-interest bearing (Notes 7 and 8)	–	35,565	–	–	35,565
Variable interest rate instruments (Note 6)	–	10,380	–	–	10,380
Fixed deposits (Note 6)	1.02	21,668	–	18	21,686
		67,613	–	18	67,631

Derivative financial instruments

Group and Company	On demand or within 1 year
	US$'000
2015	
Gross settled:	
Foreign exchange forward contracts asset	–
Foreign exchange forward contracts (liability)	(249)

(v) *Fair value of financial assets and financial liabilities*

The carrying amount of cash and bank balances, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of derivative financial instruments as at financial year end are disclosed in Note 10 to the financial statements.

4. Financial instruments, financial risk and capital management (cont'd)

(b) ***Financial risk management policies and objectives (cont'd)***

(v) *Fair value of financial assets and financial liabilities*

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

There have been no transfers of fair value instruments between levels during the financial years ended 30 June 2016 and 30 June 2015.

Financial instruments measured at fair value

Group and Company	**Level 1** **US$'000**	**Level 2** **US$'000**	**Level 3** **US$'000**	**Total** **US$'000**
2015				
Recurring fair value measurements				
Financial liability				
Derivative financial liability	–	(249)	–	(249)

Fair value measurement for derivatives is disclosed in Note 10.

(c) ***Capital management***

The primary objective of the Group's capital management is to maintain an optimal capital structure to maximise shareholders' value and to support business growth, taking into consideration underlying business risks.

The Group manages its capital through regular reviews to ensure business returns commensurate with the level of risks and adjustments to capital allocations are made in the light of changes in economic conditions. No changes were made in the Group's objectives and policies during the financial years ended 30 June 2016 and 2015.

5. Related party transactions

Related companies in these financial statements refer to members of the holding company's group of companies. Some of the Company's transactions and arrangements were between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements.

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Significant transactions with subsidiaries:				
Dividend income	–	–	(4,428)	(12,362)
Rental expense	–	–	218	443
Marketing expense*	–	–	444	450
Processing fee expense	–	–	12,901	12,395
IT service fee	–	–	432	460
Purchase of finished goods	–	–	5,492	11,246
Engineering services*	–	–	520	450
Purchase of components	–	–	342	10
NPI project expense	–	–	416	47
Sale of components	–	–	(603)	(3)
Significant transactions with related parties:				
Rental income [(1)]	(108)	(255)	(42)	–
Legal and professional fees [(2)]	302	257	302	257
Engineering support services [(3)]	648	690	648	690

(1) Arising from Chuan Hup Holdings Limited and CH Offshore Ltd. CH Offshore Ltd is no longer considered a related party upon disposal of shares by Chuan Hup Holdings Limited on 9 February 2015. The amounts disclosed for 2015 are from July 2014 to date of disposal.

(2) Arising from Chuan Hup Holdings Limited

(3) Company controlled by family member of a director.

* Included in business development expenses.

The remuneration of directors and other members of key management during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Short-term benefits	1,964	2,869	1,934	2,837
Cost of defined contribution plan	87	78	87	78
	2,051	2,947	2,021	2,915

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

6. Cash and bank balances

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Cash at banks	7,190	16,518	3,509	10,380
Fixed deposits	20,726	24,012	20,419	20,220
Fixed deposits pledged for foreign exchange forward contracts	–	1,448	–	1,448
	27,916	41,978	23,928	32,048

Cash and bank balances comprise cash held by the Group and the Company and short-term fixed deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair values.

Fixed deposits held during the financial year earned interests at rates ranging from 0.07% to 10.65% (2015: 0.05% to 9.00%) per annum.

Fixed deposits amounting to US$Nil (2015: US$1,448,000) were pledged to certain financial institutions as a charge for the purpose of securing foreign exchange forward contracts as disclosed in Note 10 to the financial statements.

The Group and the Company's cash and bank balances that were not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Singapore dollars	1,157	11,111	1,057	11,026
Chinese yuan	7	5,144	–	4,830
United States dollars	1,562	801	–	–
Indonesia rupiah	79	–	79	–

7. Trade receivables

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Trade receivables	39,026	33,164	36,718	30,422

The average credit period on sale of goods was 72 days (2015: 59 days). They were recognised at their original invoice amounts which represent their fair values at initial recognition.

Based on evaluation of credit worthiness and past collection history of receivables, management is satisfied that no provision for receivables that were past due was necessary.

Before accepting any new customers, the Group will assess the potential customers' credit quality. Credit limits are monitored periodically by management.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes that there is no further credit provision required.

7. Trade receivables (cont'd)

The table below is an analysis of trade receivables as at 30 June:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Not past due and not impaired	35,110	29,656	33,233	27,757
Past due but not impaired:				
- Less than 3 months	3,678	3,508	3,324	2,665
- 3 months or more	238	–	161	–
	39,026	33,164	36,718	30,422

Trade receivables that were neither past due nor impaired were with creditworthy debtors with good payment records with the Group and the Company.

No provision was made to the above receivables that were past due but not impaired as there has not been a significant change in credit quality and the amounts were still considered recoverable.

The Group and the Company's trade receivables that were not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
United States dollars	408	638	–	–
Euro	4	–	4	–

Trade receivables subject to offsetting arrangements

The Group and the Company regularly purchase electronic raw materials from and sell electronic products to a customer. Both parties have an arrangement to settle the net amount due to or from each other.

The Group and the Company's trade receivables and trade payables that are offset are as follows:

	Gross carrying amount	Gross amount offset in the balance sheet	Net amount in the balance sheet
	US$'000	US$'000	US$'000
2016			
Trade receivables	2,499	(1,959)	540
Trade payables	(1,959)	1,959	–
2015			
Trade receivables	2,854	(2,330)	524
Trade payables	(2,330)	2,330	–

8. Other receivables and prepayments

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
GST/VAT recoverable	336	1,974	310	1,935
Prepayments	501	575	226	285
Deposits	776	375	16	–
Others	61	1,263	10	1,147
	1,674	4,187	562	3,367

The Group and the Company's other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Singapore dollars	468	2,256	468	2,137
United States dollars	25	15	–	–
Chinese yuan	–	14	–	14

9. Amounts due from/(to) subsidiaries

	Company	
	2016	2015
	US$'000	US$'000
Amounts due from subsidiaries	4,528	3,996
Amounts due to subsidiaries	(10,418)	(11,162)

The above balances were trade in nature, interest-free, repayable on demand and are to be settled in cash.

Amounts due to subsidiaries that were not denominated in the functional currency of the Company are as follows:

	Company	
	2016	2015
	US$'000	US$'000
Indonesian rupiah	(138)	(387)
Singapore dollars	(4,185)	(1,350)

10. Derivative financial instruments

	Group and Company	
	2015	
	Assets	Liabilities
	US$'000	US$'000
Foreign exchange forward contracts (analysed as current)	–	(249)

The foreign exchange forward contracts ("Forward Contracts") include an embedded derivative which may significantly modify the cash flows that would otherwise be required by the contract. The Forward Contracts may be terminated earlier than the maturity dates upon the occurrence of the knock-out event as stipulated in the contract. The Forward Contracts may not serve as an effective hedging tool on existing currency position as the potential gain is capped while the potential loss is unlimited.

In the current financial year, there was no new Forward Contracts. In the previous financial year, the Forward Contracts' maturity dates range from 27 July 2015 to 6 August 2015.

At the end of the reporting period, the total notional amounts of outstanding foreign exchange forward contracts to which the Group and the Company is committed are as follows:

	Group and Company	
	2016	2015
	US$'000	US$'000
Buy S$ and sell US$	–	14,280

The fair value was measured using inputs of the prevailing market forward exchange rates, discount and zero rate curves and foreign exchange rate volatilities. The fair value gain of the Group and the Company's foreign exchange forward contracts was estimated to be approximately US$249,000, which has been charged to profit or loss in the financial year.

11. Inventories

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Balance sheet				
Raw materials	17,006	15,234	14,437	13,572
Work-in-progress	996	1,198	797	804
Finished goods	13,067	10,761	12,508	10,324
	31,069	27,193	27,742	24,700
Income statement				
Inventories recognised as an expense in cost of sales	136,277	142,752	128,456	135,712
Write back of allowance no longer required for inventory obsolescence	(864)	(759)	(712)	(817)

During the financial year, there is no write down of inventories recognised as expenses in the financial statement (2015: US$930,000). The amount written down in prior year was fully recovered.

12. Property, plant and equipment

Group	Leasehold improvements US$'000	Plant and equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost				
At 1 July 2014	1,479	28,647	1,128	31,254
Translation adjustment	(452)	(51)	(14)	(517)
Additions	531	1,720	24	2,275
Disposals	(178)	(191)	(123)	(492)
At 30 June 2015 and at 1 July 2015	1,380	30,125	1,015	32,520
Translation adjustment	338	(415)	(1)	(78)
Additions	3,496	3,419	338	7,253
Disposals	(937)	(2,861)	(317)	(4,115)
Transfer	792	(792)	–	–
At 30 June 2016	5,069	29,476	1,035	35,580
Accumulated depreciation				
At 1 July 2014	1,455	25,900	481	27,836
Translation adjustment	(455)	(49)	(10)	(514)
Depreciation	(3)	1,275	141	1,413
Disposals	(178)	(191)	(123)	(492)
At 30 June 2015 and at 1 July 2015	819	26,935	489	28,243
Translation adjustment	334	(363)	(2)	(31)
Depreciation	320	1,565	163	2,048
Disposals	(908)	(2,811)	(199)	(3,918)
At 30 June 2016	565	25,326	451	26,342
Net carrying amount				
At 30 June 2015	561	3,190	526	4,277
At 30 June 2016	4,504	4,150	584	9,238

12. Property, plant and equipment (cont'd)

Company	Leasehold improvements US$'000	Plant and equipment US$'000	Motor vehicles US$'000	Total US$'000
Cost				
At 1 July 2014	–	22,887	971	23,858
Additions	–	836	24	860
Disposals	–	(191)	(123)	(314)
At 30 June 2015 and at 1 July 2015	–	23,532	872	24,404
Additions	1,369	3,124	316	4,809
Disposals	–	(2,266)	(317)	(2,583)
At 30 June 2016	1,369	24,390	871	26,630
Accumulated depreciation				
At 1 July 2014	–	20,876	345	21,221
Depreciation	–	935	136	1,071
Disposals	–	(191)	(123)	(314)
At 30 June 2015 and at 1 July 2015	–	21,620	358	21,978
Depreciation	27	1,132	159	1,318
Disposals	–	(2,249)	(199)	(2,448)
At 30 June 2016	27	20,503	318	20,848
Net carrying amount				
At 30 June 2015	–	1,912	514	2,426
At 30 June 2016	1,342	3,887	553	5,782

Asset under construction

As at 30 June 2016, the Group held assets under construction of US$Nil (2015: US$849,000). The assets under construction were completed during the financial year and transferred from plant and equipment to leasehold improvements.

Commitments

During the financial year there was no capital expenditure contracted for, but not recognised in the financial statements (2015: US$2,228,000).

13. Prepaid lease payments

	Group US$'000	Company US$'000
Cost		
At 1 July 2014	11,512	–
Additions	19,977	17,002
Translation adjustment	(580)	–
Disposals	(10,932)	–
At 30 June 2015 and at 1 July 2015	19,977	17,002
Translation adjustment	41	–
At 30 June 2016	20,018	17,002
Accumulated amortisation		
At 1 July 2014	6,088	–
Translation adjustment	(308)	–
Amortisation	400	75
Disposals	(6,105)	–
At 30 June 2015 and at 1 July 2015	75	75
Translation adjustment	7	–
Amortisation	632	455
At 30 June 2016	714	530
Net carrying amount		
At 30 June 2015	19,902	16,927
At 30 June 2016	19,304	16,472

Details of the properties held under the prepaid lease payments of the Group:

Description	Lease term	Date of acquisition and disposal	Location	Area
Leasehold land and Building	60 years from 1 July 1966	Disposed in 2015 with sales proceeds of US$18,255,000	322/386/388/390 Jalan Ahmad Ibrahim Singapore 629151 /629156/629157/629155	76,487 sqm
Leasehold land and Building	60 years from 1 May 1993	Leasehold land and buildings were acquired in 2015 at cost of US$17,002,000	35 Pioneer Road North Singapore 628475	7,689 sqm
Leasehold land and Building	30 years from 24 November 1998	Leasehold land and buildings were acquired in 2015 at cost of US$2,975,000	Kawasan Industry Panbil C1, Lot 2-3 Muka Kuning, Batam	16,402 sqm

The property rental income from the Group's leasehold properties all of which are leased out under operating leases amounted to US$3,103,000 (2015: US$3,165,000). Direct operating expenses (including repairs and maintenance) arising from the rental-generating leasehold property amounted to US$2,000,000 (2015: US$2,372,000).

14. Investment in subsidiaries

	Company 2016 US$'000	Company 2015 US$'000
Unquoted equity shares, at cost	15,349	15,349
Less: Impairment loss in value	(3,320)	(3,320)
	12,029	12,029

The subsidiaries of the Company as at 30 June are set out below:

Name of subsidiaries	Principal activities	Country of incorporation	Cost of investments 2016 US$'000	Cost of investments 2015 US$'000	Proportion of effective ownership 2016 %	Proportion of effective ownership 2015 %
Subsidiaries of PCI Limited						
Printed Circuits International Incorporated(1)(7)	Investment holding and provision of support on manufacturing services	United States of America	6,467	6,467	100.0	100.0
PT. Prima Circuitama Indonesia(2)	Dormant	Indonesia	213	213	92.5	92.5
PT. PCI Elektronik Internasional(2)	Provision of electronic manufacturing services	Indonesia	500	500	100.0	100.0
Pacific Gain Holding Limited(1)	Investment holding	British Virgin Islands	*	*	100.0	100.0
PCI China Private Limited(7)	Investment holding	Singapore	5,100	5,100	100.0	100.0
Quijul Pte Ltd(7)	Rental of property	Singapore	–	–	100.0	100.0
Subsidiaries of Printed Circuits International Incorporated						
Printed Circuits International Private Limited(7)	Rendering of estate management services	Singapore	–	–	100.0	100.0
PCI Displays Pte. Ltd.(7)	Provision of electronic manufacturing and information technology services	Singapore	–	–	100.0	100.0

* Cost of investments at US$1.00.

14. Investment in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Cost of investments		Proportion of effective ownership	
			2016	2015	2016	2015
			US$'000	US$'000	%	%
Subsidiaries of Pacific Gain Holding Limited						
Polymicro Corporation (Singapore) Pte Ltd[3][7]	Investment holding	Singapore	3,069	3,069	100.0	100.0
Polymicro Precision Technology (Thailand) Co. Ltd[4]	Dormant	Thailand	–	–	100.0	100.0
Technology Enabler Designers Phils. Inc.[5]	Provision of research and development services	Philippines	–	–	100.0	100.0
Subsidiaries of PCI China Private Limited						
PCI-Gaozhi (Shanghai) Electronic Co., Ltd.[6][8]	Provision of electronic manufacturing services	China	–	–	90.0	90.0
PCI Shanghai Electronics Co., Ltd.[6]	Provision of electronic manufacturing services	China	–	–	100.0	100.0
PCI Kunshan Electronics Co., Ltd.[6]	Provision of electronic manufacturing services	China	–	–	100.0	100.0
Subsidiaries of Quijul Pte Ltd						
Quijul Logistics Pte. Ltd.[7]	Value added logistics provider and general warehousing	Singapore	–	–	100.0	100.0
			15,349	15,349		

(1) Not required to be audited by law in its country of incorporation;

(2) Audited by another firm of auditor (Drs. Bernardi & Co. Registered Public Accountants, Jakarta, Indonesia).

(3) The investment represents 8% equity interests and 5,000,000 redeemable convertible preference shares held by the Company. The remaining 92% equity interests are held by Pacific Gain Holding Limited, a subsidiary of the Company.

(4) Audited by another firm of auditor (V.A.T. Accounting, Bangkok, Thailand).

(5) Audited by member firm of Ernst & Young Global in Philippines (SGV & CO).

(6) Audited by another firm of auditor (Shanghai Linfang Certified Public Accountants, Co. Ltd, Shanghai, China).

(7) Audited by Ernst & Young LLP, Singapore.

(8) Subsequent to the reporting date, shareholders of PCI-Gaozhi (Shanghai) Electronic Co., Ltd resolved to commence member's voluntary winding up. On 23 August 2016, the application for winding up has been acknowledged by the authority in China, and the winding up process is still in progress.

15. Other assets

	Group and Company	
	2016	2015
	US$'000	US$'000
Club memberships, at cost	315	315
Accumulated impairment losses	(78)	(51)
	237	264

During the financial year, an impairment loss of US$27,000 (2015: US$20,000), representing the write-down of the club memberships' carrying amount to their recoverable amounts were recognised in "general and administrative expenses" line item in profit or loss. The recoverable amounts of the club memberships were based on its fair value less cost to sell.

Total fair value of club memberships as at 30 June 2016 is US$264,562 (2015: US$303,436).

16. Trade payables, other payables and provision

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Trade payables	27,741	26,258	23,082	23,172
Provision	2,891	3,677	1,866	2,033
Accruals	9,824	11,310	8,005	8,496
	40,456	41,245	32,953	33,701

The average credit period on purchases of goods was 75 days (2015: 67 days). No interest was charged by suppliers on the trade payables.

Trade payables, other payables and provision were substantially denominated in the functional currencies of the respective entities as at financial year end except as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Singapore dollars	345	5,296	94	4,569
United States dollars	1,918	789	–	–
Euro	282	68	282	68

The following table shows the movement of provision for the financial years ended 30 June 2016 and 30 June 2015:

	Group			Company
	Excess purchase order	Staff retrenchment	Total	Excess purchase order
	US$'000	US$'000	US$'000	US$'000
At 1 July 2014	1,340	1,521	2,861	1,195
Addition	788	337	1,125	838
Utilisation	–	(246)	(246)	–
Foreign currency translation	–	(63)	(63)	–
At 30 June 2015 and at 1 July 2015	2,128	1,549	3,677	2,033
Addition	72	23	95	–
Utilisation	–	(817)	(817)	(167)
Foreign currency translation	(6)	(58)	(64)	–
At 30 June 2016	2,194	697	2,891	1,866

17. Deferred tax

	Group and Company	
	2016	2015
	US$'000	US$'000
Deferred tax liabilities		
At beginning of year	324	335
Debit/(Credit) to profit or loss for the year (Note 22)	362	(11)
At end of year	686	324

This balance comprises the tax effect of the excess of capital allowances over book depreciation.

	Group	
	2016	2015
	US$'000	US$'000
Deferred tax assets		
At beginning of year	–	–
Credit to profit or loss for the year (Note 22)	(79)	–
At end of year	(79)	–

18. Share capital

	Group and Company			
	2016		2015	
	No. of shares	US$'000	No. of shares	US$'000
Issued and fully paid ordinary shares:				
At beginning and end of year	199,099,000	44,667	199,099,000	44,667

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

19. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. Revenue

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Sale of goods	176,058	184,264	166,860	173,558
Rental income	3,103	3,165	42	–
Interest income	404	566	354	216
Dividend income	–	–	4,428	12,362
Others	666	1,379	49	29
	180,231	189,374	171,733	186,165

21. Other income

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Sundry income	370	1,829	395	1,548
Gain on disposal of leasehold property	–	13,428	–	–
Scrap sales	91	93	27	71
	461	15,350	422	1,619

22. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 30 June 2016 and 2015 are:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Current income tax	1,184	1,749	690	968
Under/(Over) provision in respect of prior years, net	108	(48)	130	(56)
Deferred tax liabilities-origination and reversal of temporary difference (Note 17)	283	(11)	362	(11)
Income tax expense recognised in income statement	1,575	1,690	1,182	901

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate are as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Profit before tax	7,312	21,874	11,666	18,985
Tax at domestic rates applicable to individual group entities	1,929	5,803	1,983	3,227
Non-taxable items	(1,171)	(4,452)	(908)	(2,207)
Under/(Over) provision in respect of prior years, net	108	(48)	130	(56)
Effect of partial tax exemption and tax relief	(54)	(59)	(36)	(19)
Tax rebate	(29)	(42)	(14)	(15)
Benefits from previously unrecognised tax losses	(50)	(72)	–	–
Tax effect of tax losses not recognised	795	562	–	–
Others	47	(2)	27	(29)
	1,575	1,690	1,182	901

22. Income tax expense (cont'd)

The Group has tax losses carried forward available for offsetting against future taxable income as follows:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
At beginning of year	4,623	2,982	–	339
Amounts issued in current year	3,268	2,392	–	–
Amounts utilised in current year	(295)	(385)	–	–
Adjustments to prior year	(203)	(366)	–	(339)
At end of year	7,393	4,623	–	–
Deferred tax benefit on above unrecorded	1,788	1,090	–	–

These future income tax benefits are available for offset against future assessable income of the companies in which the tax benefits arose, subject to the conditions for deductibility imposed by the tax legislation of their respective countries of incorporation, including the retention of majority shareholders as defined are complied with. Deferred tax asset is not recognised due to uncertainty of its realisation.

23. Profit before tax

Profit before tax for the financial year has been arrived at after charging the following items:

	Group		Company	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Directors' remuneration (excluding directors' fees)	818	1,245	818	1,245
Salaries and bonuses (excluding directors' remuneration)	20,366	21,305	7,146	7,598
Cost of defined contribution plan	1,953	1,636	603	550
Total audit and non-audit fees	125	128	64	74
Audit fees:				
- Auditor of the Company	91	103	64	74
- Other auditor	34	25	–	–
Non-audit fees:				
- Auditor of the Company	–	–	–	–
- Other auditor	43	13	24	13

24. Earnings per share

Basic and fully diluted earnings per share attributable to the ordinary equity holders of the Company is computed by dividing profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year:

	Group	
	2016	**2015**
Earnings (US$'000):		
Profit attributable to equity holders of the Company	5,736	20,185
Number of shares ('000):		
Average number of ordinary shares	199,099	199,099
Earnings per share (US cents)	2.88	10.14

Basic earnings per share is the same as fully diluted earnings per share as the Group does not have any potential dilutive ordinary shares outstanding.

25. Dividends

	Group and company	
	2016	**2015**
	US$'000	**US$'000**
Declared and paid during the financial year:		
First and final and special tax exempt (one-tier) dividends for 2015: S$0.03 and S$0.02 (2014: S$0.03 and S$0.07) per share, respectively	7,110	15,516
Proposed but not recognised as a liability as at 30 June:		
First and final and special tax exempt (one-tier) dividends for 2016: S$0.03 and S$ Nil (2015: S$0.03 and S$0.02) per share, respectively	4,426	7,404

26. Lease commitments

(a) ***The Group and the Company as lessee***

(i) Operating leases

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Minimum lease payments under operating leases recognised as an expense in the year	2,267	2,551	375	463

26. Lease commitments (cont'd)

(a) ***The Group and the Company as lessee (cont'd)***

(i) Operating leases (cont'd)

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for the rental of factory spaces, office premises, residential premises and land are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Not later than one year	1,144	3,001	153	594
Later than one year but not later than five years	1,723	3,777	655	657
Later than five years	5,213	5,753	5,213	5,396
	8,080	12,531	6,021	6,647

The operating lease commitment of the Company mainly relates to the lease agreements with a statutory board and Quijul Pte Ltd, which is a wholly-owned subsidiary of the Company.

(b) ***The Group and the Company as lessor***

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Rental income for the year included in profit or loss	3,103	3,165	42	–

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Not later than one year	1,491	5,177	99	–
Later than one year but not later than five years	99	1,512	99	–
	1,590	6,689	198	–

27. Segment information

For management purpose, the Group is organised into three reportable operating segments as follows:

(a) The electronics manufacturing services segment is in the business of printed circuit board assembly, custom user interface design and manufacture and full turnkey electronics manufacturing.

(b) The estate management and rental income segment is in the business of rental of premises.

(c) The investment holding segment which relates to investments and treasury activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table in the following page, is measured differently from operating profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed term between both parties.

27. Segment information (cont'd)

	Electronics manufacturing services US$'000	Estate management and rental income US$'000	Investment income and interest earned US$'000	Elimination US$'000	Consolidated US$'000
2016					
Revenue:					
External	176,108	3,769	354	–	180,231
Inter-segment	–	436	–	(436)	–
	176,108	4,205	354	(436)	180,231
Results:					
Segment results	4,587	2,075	650	–	7,312
Profit before tax	4,587	2,075	650	–	7,312
Income tax expense	(1,235)	(340)	–	–	(1,575)
Profit after tax	3,352	1,735	650	–	5,737
Other information:					
Capital additions	5,957	1,296	–	–	7,253
Depreciation and amortisation	2,680	–	–	–	2,680
Interest income	50	–	354	–	404
Assets:					
Segment assets	127,523	783	237	–	128,543
Liabilities:					
Segment liabilities	40,097	359	–	–	40,456
Unallocated corporate liabilities					2,869
					43,325
2015					
Revenue:					
External	184,614	4,544	216	–	189,374
Inter-segment	–	675	–	(675)	–
	184,614	5,219	216	(675)	189,374
Results:					
Segment results	6,465	15,463	(54)	–	21,874
Profit before tax	6,465	15,463	(54)	–	21,874
Income tax expense	(1,169)	(521)	–	–	(1,690)
Profit after tax	5,296	14,942	(54)	–	20,184
Other information:					
Capital additions	22,252	–	–	–	22,252
Depreciation and amortisation	1,489	324	–	–	1,813
Interest income	350	–	216	–	566
Assets:					
Segment assets	126,161	4,540	264	–	130,965
Liabilities:					
Segment liabilities	40,362	883	249	–	41,494
Unallocated corporate liabilities					2,883
					44,377

27. Segment information (cont'd)

Geographical segments

The revenue by geographical segments is based on location of the customers. Segment assets (non-current assets) are based on the geographical location of the assets:

	Revenue		Non-current assets	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
United States of America	94,127	86,524	1	–
Republic of Ireland	22,132	23,418	–	–
People's Republic of China	18,115	22,257	1,707	1,427
Singapore	20,835	27,446	22,359	19,484
Germany	9,467	8,754	–	–
ASEAN (excluding Singapore)	4,084	7,249	4,791	3,532
Others	11,471	13,726	–	–
	180,231	189,374	28,858	24,443

Information about major customers - Electronic manufacturing services

In relation to the electronics manufacturing services revenue of US$176,108,000 (2015: US$184,614,000), sales of goods to three major customers contributed a total revenue of approximately US$63,732,000 (2015: US$61,529,000) during the financial year.

At the end of the reporting period, approximately 49% (2015: 46%) of the Group's trade receivables was due from these major customers.

28. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2016 were approved and authorised for issue by the board of directors on 29 August 2016.

STATISTICS OF SHAREHOLDINGS
AS AT 5 SEPTEMBER 2016

Share Capital

Total Number of Issued Shares	:	199,099,000
Issued and Fully Paid-up Capital	:	S$75,031,320
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share
Treasury Shares	:	Nil

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	5	0.18	112	0.00
100 - 1,000	295	10.70	292,232	0.15
1,001 - 10,000	1,792	65.00	9,267,550	4.65
10,001 - 1,000,000	662	24.01	31,080,300	15.61
1,000,001 and above	3	0.11	158,458,806	79.59
Total	**2,757**	**100.00**	**199,099,000**	**100.00**

Twenty Largest Shareholders

No.	Name of Shareholder	No. of Shares	%
1	DBS NOMINEES PTE LTD	155,410,306	78.06
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,038,500	1.02
3	RAFFLES NOMINEES (PTE) LTD	1,010,000	0.51
4	OCBC NOMINEES SINGAPORE PTE LTD	888,300	0.45
5	TEO GUAT YAU	800,000	0.40
6	LEE SAU LEUNG	750,000	0.38
7	TEO GEOK KIOW	700,000	0.35
8	LIM CHING TIEW	500,000	0.25
9	TAY HUA HUI OR YEO BOON KIAH	466,800	0.23
10	CHIA CHEE KONG	460,000	0.23
11	TAN YONG CHIANG OR TAN HUI LIANG	431,000	0.22
12	TAY BOON HUAT	430,000	0.22
13	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	413,000	0.21
14	CITIBANK NOMINEES SINGAPORE PTE LTD	372,000	0.19
15	TAN SIEW HWA	325,000	0.16
16	HO MUN CHENG	320,000	0.16
17	HL BANK NOMINEES (SINGAPORE) PTE LTD	276,000	0.14
18	ANG JWEE HERNG	269,000	0.14
19	LEE KENG POH	266,000	0.13
20	NG FOONG TENG	254,000	0.13
	Total:	**166,379,906**	**83.58**

Substantial Shareholders

	Direct Interest		Deemed Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Chuan Hup Holdings Limited	152,701,506[(a)]	76.70	–	–
3P Pte Ltd	–	–	152,701,506[(b)]	76.70
Qing Shan Pte Ltd	–	–	152,701,506[(b)]	76.70
TMF (Cayman) Ltd	–	–	152,701,506[(b)]	76.70
Mr Peh Kwee Chim	–	–	152,701,506[(c)]	76.70
Mr Peh Siong Woon Terence	–	–	152,701,506[(d)]	76.70
Beamsbury Limited	–	–	152,701,506[(e)]	76.70

Notes:

(a) Held in the name of its nominee, DBS Nominees Pte Ltd.

(b) 3P Pte Ltd is the owner of 51.42% of the issued share capital of Chuan Hup Holdings Limited. 3P Pte Ltd is a wholly-owned subsidiary of Qing Shan Pte Ltd, which is in turn entirely held by TMF (Cayman) Ltd as trustee of a trust constituted by Mr Peh Kwee Chim ("Trust"). Therefore, 3P Pte Ltd, Qing Shan Pte Ltd and TMF (Cayman) Ltd are each deemed pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and Section 7 of the Companies Act. Chapter 50 of Singapore (the "CA"), to have an interest in the 152,701,506 shares of the Company held by Chuan Hup Holdings Limited.

(c) Mr Peh Kwee Chim is a director of 3P Pte Ltd and is also the settlor of the Trust, and is therefore deemed, pursuant to Section 4 of the SFA and Section 7 of the CA, to have an interest in the 152,701,506 shares of the Company held by Chuan Hup Holdings Limited.

(d) Mr Peh Siong Woon Terence is a director of 3P Pte Ltd and is also the beneficiary of the Trust, and is therefore deemed, pursuant to Section 4 of the SFA and Section 7 of the CA, to have an interest in the 152,701,506 shares of the Company held by Chuan Hup Holdings Limited.

(e) Beamsbury Limited was appointed by TMF (Cayman) Ltd as its nominee corporate director and sole director of Qing Shan Pte Ltd, to manage, control the operations of and determine the policy with respect to Qing Shan Pte Ltd.

Shareholdings held by Public

Based on information available to the Company as at 5 September 2016, approximately 23.18% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

PCI LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 198804482N)

NOTICE IS HEREBY GIVEN that the TWENTY-SEVENTH ANNUAL GENERAL MEETING of PCI Limited (the "Company") will be held at the Multi-Purpose Room, 2nd Floor, 35 Pioneer Road North, Singapore 628475 on Thursday, 20 October 2016 at 10.30 a.m. to transact the following business:

(A) ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2016 and the Auditor's Report thereon. — Ordinary Resolution 1

2. To declare a first and final tax exempt one-tier dividend of 3 SG cents per ordinary share for the financial year ended 30 June 2016. — Ordinary Resolution 2

3. To re-elect Mr Loh Kee Kong who retires by rotation under Article 110 of the Company's Constitution and who, being eligible, offers himself for re-election. — Ordinary Resolution 3

4. To re-elect Mr Lo Pang Foo Steven who retires by rotation under Article 110 of the Company's Constitution and who, being eligible, offers himself for re-election. — Ordinary Resolution 4

5. To approve the sum of SGD108,000 to be paid to Non-Executive Directors as Directors' fees for the financial year ended 30 June 2016 (FY2015: SGD107,347.83). — Ordinary Resolution 5

6. To re-appoint Ernst & Young LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. — Ordinary Resolution 6

(B) SPECIAL BUSINESS:

7. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution: — Ordinary Resolution 7

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, authority be and is hereby given to the Directors of the Company to:

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (the "SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

8. To transact such other business which can be transacted at the Annual General Meeting of the Company. Ordinary Resolution 8

NOTICE IS HEREBY GIVEN that, subject to the approval of shareholders to the first and final dividend being obtained at the Twenty-Seventh Annual General Meeting to be held on 20 October 2016, the Transfer Books and the Register of Members of the Company will be closed on 2 November 2016 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 p.m. on 1 November 2016, will be registered to determine shareholders' entitlements to the proposed first and final 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 p.m. on 1 November 2016, will be entitled to the proposed first and final dividend.

The first and final dividend, if approved by shareholders at this Annual General Meeting, will be paid on 11 November 2016.

BY ORDER OF THE BOARD

Valerie Tan May Wei
Company Secretary
27 September 2016

NOTICE OF ANNUAL GENERAL MEETING AND CLOSURE OF BOOKS

Explanatory Notes

1. In relation to Ordinary Resolution 3, Mr Loh Kee Kong, will upon re-election, continue to serve as a member of the Audit and Remuneration Committees. Mr Loh is considered a non-independent director. Please refer to the section on Board of Directors in the Annual Report for further details on Mr Loh.

2. In relation to Ordinary Resolution 4, Mr Lo Pang Foo Steven, will upon re-appointment, continue to serve as the Lead Independent Director, the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee. Mr Lo is considered an independent director. Please refer to the section on Board of Directors in the Annual Report for further details on Mr Lo.

3. **Personal Data Privacy:**

   By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Kindly note that by attending the Annual General Meeting, the members of the Company, their proxy(ies) and/ or representative(s) consent to the video-recording of the proceedings of the Annual General Meeting, for the Company's records.

PCI LIMITED

(Incorporated in the Republic of Singapore)
(Co. Reg. No. 198804482N)

Annual General Meeting
PROXY FORM

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in the capital of PCI Limited ("Shares"), the Annual Report 2016 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. A CPF/SRS investor who wishes to attend the Annual General Meeting as proxy has to submit his request to his CPF Approved Nominee so that his CPF Approved Nominee may appoint him as its proxy within the specified time frame. (CPF Approved Nominees: Please refer to Notes 2(b) and 4 on the reverse side of this form on the required details).

Personal Data Privacy

By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 27 September 2016.

I/We ______________________________ (Name) ____________________ (NRIC/Passport Number)

of ____ (Address)

being a member/members of PCI Limited (the" Company") hereby appoint :

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Twenty-Seventh Annual General Meeting of the Company ("Annual General Meeting") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting to be held at the Multi-Purpose Room, 2nd Floor, 35 Pioneer Road North, Singapore 628475 on Thursday, 20 October 2016 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the meeting and at any adjournment thereof.

ORDINARY BUSINESS

No.	Ordinary Resolutions	No. of Votes For*	No. of Votes Against*
1	Adoption of Directors' Statement and Audited Financial Statements and Auditor's Report		
2	Declaration of First and Final Dividend		
3	Re-election of Mr Loh Kee Kong as Director		
4	Re-election of Mr Lo Pang Foo Steven as Director		
5	Approval of Directors' Fees		
6	Re-appointment of Ernst & Young LLP as Auditor		

SPECIAL BUSINESS

No.	Ordinary Resolution		
7	Issue of additional shares and convertible instruments		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [✓] within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Shares in the boxes provided.

Dated this ____________ day of ________________ 2016

Total number of Shares held:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: Please read notes on the reverse side

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Please Affix Postage Stamp

The Company Secretary
PCI LIMITED
35 Pioneer Road North
Singapore 628475

1st fold here

Notes:

1. Please insert the total number of Shares held by you. If you only have Shares entered against your name in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you only have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register as well as Shares registered in your name in the Register of Members, you should insert the number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the Shares held by you (in both the Register of Members and the Depository Register).
2. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company. Where a member of the Company appoints two proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent. of the shareholding and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at a meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than one proxy is appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Approved Nominee who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. Completion and return of the proxy form shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies will be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the proxy form, to the meeting.
4. The proxy form must be deposited at the registered office of the Company at 35 Pioneer Road North, Singapore 628475 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The proxy form appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where a proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which the proxy form may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the proxy form appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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PCI LIMITED
(Co. Reg. No. 198804482N)

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