

Unaudited Financial Statements for the 2nd Quarter and 1st Half Ended 31 December 2017

The Board of Directors of PCI Limited is pleased to announce the half-year financial statements on consolidated results for the six months period ended 31 December 2017. These figures have not been audited.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group					
	2nd quarter ended 31/12/2017 US\$'000	2nd quarter ended 31/12/2016 US\$'000	% increase/ (decrease)	1st half ended 31/12/2017 US\$'000	1st half ended 31/12/2016 US\$'000	% increase/ (decrease)
Revenue	78,211	45,775	70.9%	148,853	93,302	59.5%
Cost of sales:						
Raw material and consumables	(61,979)	(34,319)	80.6%	(116,170)	(70,183)	65.5%
Manufacturing expenses	(6,880)	(5,318)	29.4%	(13,545)	(11,349)	19.3%
Other operating expenses	-	(516)	n.m.	-	(1,087)	n.m.
Direct depreciation/amortisation	(656)	(534)	22.8%	(1,204)	(1,072)	12.3%
	(69,515)	(40,687)	70.9%	(130,919)	(83,691)	56.4%
Gross profit	8,696	5,088	70.9%	17,934	9,611	86.6%
Other income	173	114	51.8%	441	181	143.6%
Other expenses:						
Business development expenses	(1,316)	(1,100)	19.6%	(2,608)	(2,145)	21.6%
General and administrative expenses	(2,143)	(1,390)	54.2%	(4,580)	(2,950)	55.3%
Indirect depreciation	(203)	(149)	36.2%	(388)	(295)	31.5%
Foreign exchange (loss)/gain	(308)	378	n.m.	(544)	414	n.m.
	(3,970)	(2,261)	75.6%	(8,120)	(4,976)	63.2%
Profit before tax	4,899	2,941	66.6%	10,255	4,816	112.9%
Income tax expense						
Current period	(955)	(452)	111.3%	(2,041)	(795)	156.7%
Prior period	(66)	(14)	n.m.	(66)	(19)	n.m.
Profit for the period	3,878	2,475	56.7%	8,148	4,002	103.6%
Attributable to:						
Equity holders of the Company	3,878	2,476	56.6%	8,148	4,004	103.5%
Non-controlling interests	-	(1)	n.m.	-	(2)	n.m.
	3,878	2,475	56.7%	8,148	4,002	103.6%

Notes to the Income Statement:

n.m. : not meaningful

Statements of comprehensive income

For the second quarter and first half ended 31 December 2017

	The Group					
	2nd quarter ended 31/12/2017 US\$'000	2nd quarter ended 31/12/2016 US\$'000	% increase/ (decrease)	1st half ended 31/12/2017 US\$'000	1st half ended 31/12/2016 US\$'000	% increase/ (decrease)
Profit for the period	3,878	2,475	56.7%	8,148	4,002	103.6%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation of foreign operations	391	(1,135)	n.m.	704	(1,091)	n.m.
Other comprehensive gain/(loss) for the period, net of tax	391	(1,135)	n.m.	704	(1,091)	n.m.
Total comprehensive income for the period	4,269	1,340	218.6%	8,852	2,911	204.1%
Total comprehensive income attributable to:						
Equity holders of the Company	4,269	1,341	218.3%	8,852	2,913	203.9%
Non-controlling interests	-	(1)	n.m.	-	(2)	n.m.
	4,269	1,340	218.6%	8,852	2,911	204.1%

Notes to the statement of comprehensive income:

n.m. : not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	The Group		The Company	
	31/12/2017 US\$'000	30/06/2017 US\$'000	31/12/2017 US\$'000	30/06/2017 US\$'000
Assets				
Current assets				
Cash and bank balances	33,961	39,929	27,005	34,905
Trade receivables	45,760	38,992	43,333	37,042
Other receivables and prepayments	2,904	4,305	1,390	2,452
Amounts due from subsidiaries	-	-	3,805	3,733
Inventories	47,725	36,809	43,048	32,085
	<u>130,350</u>	<u>120,035</u>	<u>118,581</u>	<u>110,217</u>
Non-current assets				
Property, plant and equipment	10,491	8,383	7,037	5,359
Prepaid lease payments	18,203	18,580	15,791	16,018
Investments in subsidiaries	-	-	12,177	12,029
Other assets	80	261	80	261
Deferred tax assets	95	96	-	-
	<u>28,869</u>	<u>27,320</u>	<u>35,085</u>	<u>33,667</u>
Total assets	<u>159,219</u>	<u>147,355</u>	<u>153,666</u>	<u>143,884</u>
Equity and liabilities				
Current liabilities				
Trade payables	48,557	41,139	43,380	35,449
Other payables and provision	14,968	15,069	10,955	12,213
Amounts due to subsidiaries	-	-	13,046	12,426
Income tax payable	3,636	2,819	3,216	2,468
	<u>67,161</u>	<u>59,027</u>	<u>70,597</u>	<u>62,556</u>
Non-current liabilities				
Deferred tax liabilities	766	765	766	765
Defined benefit obligations	196	198	-	-
	<u>962</u>	<u>963</u>	<u>766</u>	<u>765</u>
Total liabilities	<u>68,123</u>	<u>59,990</u>	<u>71,363</u>	<u>63,321</u>
Equity attributable to equity holders of the Company				
Share capital	44,667	44,667	44,667	44,667
Foreign currency translation reserve	1,895	1,191	-	-
Retained earnings	44,534	41,507	37,636	35,896
	<u>91,096</u>	<u>87,365</u>	<u>82,303</u>	<u>80,563</u>
Total equity	<u>91,096</u>	<u>87,365</u>	<u>82,303</u>	<u>80,563</u>
Total equity and liabilities	<u>159,219</u>	<u>147,355</u>	<u>153,666</u>	<u>143,884</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Amount repayable after one year

As at 31/12/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

Nil.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	2nd quarter ended		1st half ended	
	31/12/2017 US\$'000	31/12/2016 US\$'000	31/12/2017 US\$'000	31/12/2016 US\$'000
Cash flows from operating activities				
Profit before tax	4,899	2,941	10,255	4,816
Adjustments for:				
Depreciation of property, plant and equipment	687	510	1,250	1,023
Amortisation of prepaid lease payments	171	172	342	344
(Gain)/Loss on disposal of property, plant and equipment	(10)	3	(39)	3
Addition of impairment loss on other assets	-	9	-	5
Gain on disposal of other assets	-	-	(32)	-
Interest income	(57)	(66)	(149)	(110)
Foreign exchange loss/(gain)	259	(641)	707	(620)
Operating profit before working capital changes	5,949	2,928	12,334	5,461
Trade receivables	713	1,677	(6,768)	9,195
Other receivables and prepayments	1,503	500	1,360	(401)
Other assets	-	-	213	-
Inventories	5,758	3,010	(10,916)	2,485
Trade payables, other payables and provision	(6,761)	(1,928)	7,315	(71)
Cash generated from operations	7,162	6,187	3,538	16,669
Interest received	124	71	190	101
Income tax paid	(1,093)	(633)	(1,307)	(896)
Net cash flows generated from operating activities	6,193	5,625	2,421	15,874
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	10	-	39	-
Purchase of property, plant and equipment	(1,481)	(322)	(3,304)	(545)
Net cash flows used in investing activities	(1,471)	(322)	(3,265)	(545)
Cash flows from financing activities				
Dividends paid on ordinary shares	(5,121)	(4,291)	(5,121)	(4,291)
Dividends paid to non-controlling interest of subsidiary	-	(7)	-	(7)
Net cash flows used in financing activities	(5,121)	(4,298)	(5,121)	(4,298)
Net (decrease)/increase in cash and bank balances	(399)	1,005	(5,965)	11,031
Cash and bank balances at beginning of period	34,267	37,929	39,929	27,916
Effect of currency translation on balances held in foreign currencies	93	(232)	(3)	(245)
Total cash and cash equivalents	33,961	38,702	33,961	38,702

1(d)(i) A statement (for the issuer and group) showing either

(i) all changes in equity or

(ii) changes in equity other than those arising from capitalization issues and distributions to shareholders

together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share capital	Foreign currency translation reserve	Retained earnings	Attributable to equity holders of the Company	Non-controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group						
Balance at 1 July 2016	44,667	1,783	38,722	85,172	46	85,218
Total comprehensive income for the period	-	44	1,527	1,571	(2)	1,569
Balance at 30 September 2016	44,667	1,827	40,249	86,743	44	86,787
Total comprehensive (loss)/income for the period	-	(1,135)	2,476	1,341	(1)	1,340
Dividends paid	-	-	(4,291)	(4,291)	-	(4,291)
Dividends paid to non-controlling interest of subsidiary	-	-	-	-	(7)	(7)
Balance at 31 December 2016	44,667	692	38,434	83,793	36	83,829
Balance at 1 July 2017	44,667	1,191	41,507	87,365	-	87,365
Total comprehensive income for the period	-	313	4,270	4,583	-	4,583
Balance at 30 September 2017	44,667	1,504	45,777	91,948	-	91,948
Total comprehensive income for the period	-	391	3,878	4,269	-	4,269
Dividends paid	-	-	(5,121)	(5,121)	-	(5,121)
Balance at 31 December 2017	44,667	1,895	44,534	91,096	-	91,096

Share capital	Retained earnings	Total
US\$'000	US\$'000	US\$'000

Company

Balance at 1 July 2016	44,667	37,539	82,206
Total comprehensive income for the period	-	190	190
Balance at 30 September 2016	44,667	37,729	82,396
Total comprehensive income for the period	-	399	399
Dividends paid	-	(4,291)	(4,291)
Balance at 31 December 2016	44,667	33,837	78,504
Balance at 1 July 2017	44,667	35,896	80,563
Total comprehensive income for the period	-	3,568	3,568
Balance at 30 September 2017	44,667	39,464	84,131
Total comprehensive income for the period	-	3,293	3,293
Dividends paid	-	(5,121)	(5,121)
Balance at 31 December 2017	44,667	37,636	82,303

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous period reported on.

There were no outstanding convertibles or treasury shares as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 December 2017, the total number of issued shares excluding treasury shares was 199,099,000 (30 Jun 2017: 199,099,000).

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have neither been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the same accounting policies and methods of computation as compared with the most recently audited annual financial statements ended 30 June 2017 as well as all the applicable Financial Reporting Standards (FRS) which became effective for financial year beginning on or after 1 July 2017. The adoption of these new accounting policies did not give rise to any significant change to the financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share for the period based on profit attributable to equity holders of the Company after deducting any provision for preference dividends:-

- (i) Based on the weighted average number of ordinary shares on issue US cents
 (ii) On a fully diluted basis US cents

The Group			
2nd quarter ended		1st half ended	
31/12/2017	31/12/2016	31/12/2017	31/12/2016
1.95	1.24	4.09	2.01
1.95	1.24	4.09	2.01

Average number of ordinary shares		Average number of ordinary shares	
2nd quarter ended		1st half ended	
31/12/2017	31/12/2016	31/12/2017	31/12/2016
199,099,000	199,099,000	199,099,000	199,099,000

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

Note: Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 31 December 2017 and 2016.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :

- (a) current financial period reported on; and
 (b) immediately preceding financial year

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

- (a) The Group US cents
 (b) The Company US cents

As at	As at
31/12/2017	30/06/2017
45.75	43.88
41.34	40.46

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on , including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

A) Profit and Loss

For the 2nd quarter ended 31 December 2017, the Group achieved revenue of USD 78.21 million. This was 70.9% higher compared to the same period last year. Gross profit for this reporting period was USD 8.70 million or 70.9% higher compared to last year. As a result of higher gross profit, Group net profit attributable to equity holders rose 56.6% to USD 3.88 million compared to the same period last year. Earnings per share for this quarter was 1.95 USD cents. The increase in revenue as compared to the same period last year was mainly driven by seasonally strong orders from existing customers and projects from new customers.

For this reporting period, Business Development and G&A expenses increased by 19.6% and 54.2% respectively. The increases were mainly attributed to higher staff costs. Direct depreciation increased by 22.8% due to the installation of new manufacturing and test equipment.

As a result of the strong Q2 performance, the Group recorded a 1st half revenue of USD 148.85 million and a USD 8.15 million net profit attributable to equity holders. This resulted in a 59.5% increase in revenue and 103.6% increase in net profit as compared to the 1st half of the previous corresponding period.

B) Financial position and cash flow

The balance sheet and the financial position of the Group remain strong. Total assets and liabilities stood at USD 159.22 million and USD 68.12 million respectively. The cash and bank balances as at 31 December 2017 was USD 33.96 million compared to USD 39.93 million as at 30 June 2017. The trade receivables of USD 45.76 million, trade payables of USD 48.56 million, other payables and provision of USD 14.97 million and inventories of USD 47.73 million were in line with the business activities.

For this reporting period, net cash generated from operating activities was USD 2.42 million. Net cash used in investment activities was USD 3.27 million and dividend payment was USD 5.12 million. The total net decrease in cash and bank balances was USD 5.97 million, bringing the total cash and bank balances to USD 33.96 million as at 31 December 2017. Total shareholders fund was USD 91.10 million and the Group's net asset value (NAV) per share was USD 45.75 cents as at 31 December 2017.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The growth momentum of the global economy continues into 2018, driven by stronger consumer and business sentiment and relatively low unemployment rates. While the economy is expected to maintain near-term momentum, geopolitical tensions, increased trade regulatory barriers and tightening of US monetary policies could affect business sentiment. As such, the directors remain cautiously optimistic about the Group's business outlook beyond the next six months.

11. Dividend

(a) Current Financial Period Reported On

Name of dividend	:	Nil
Dividend type	:	Nil
Dividend amount per share	:	Nil
Tax rate	:	Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	:	Nil
Dividend type	:	Nil
Dividend amount per share	:	Nil
Tax rate	:	Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

The Company did not declare any dividend for the period ended 31 December 2017.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirms that to the best of its knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited financial results for the first half year ended 31 December 2017 to be false or misleading, in any material respect.

15. Confirmation pursuant to Rule 720(1) of the Listing Manual

The Board of Directors of the Company hereby confirms that the undertakings from all its Directors and Executive Officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual have been procured.

BY ORDER OF THE BOARD

Valerie Tan May Wei
COMPANY SECRETARY
13th February 2018