

www.pciltd.com.sg



Co. Reg No. 198804482N
386 Jalan Ahmad Ibrahim
Singapore 629156
Tel: (65) 6265 8181
Fax: (65) 6265 3333
Email: kp.lee@pciltd.com.sg

Journey to World Class Manufacturing



Annual Report **2008**

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 competence through alliances with a network of technology partners and suppliers to create optimal solutions for customers."

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ELECTRONICS MANUFACTURING SERVICES SOLUTIONS

PCI Limited 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. Everyday 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, customer user interface design and manufacture, and full turnkey electronics manufacturing. Examples of projects are networking and wireless communications products, mobile digital appliances, liquid crystal modules for mobile communications products, control 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 headquarter in Singapore. We also house our Design & Development Centre, Quality Engineering Laboratory and Manufacturing Engineering Centre in Singapore. PCI has manufacturing facilities in Singapore, Batam and Shanghai. 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.

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 counter-parts on all technical aspects of projects with a constant exchange of information and design suggestions.



Design activities are based in a fully equipped design center in Singapore. Our experience includes radio frequency, global positioning system, liquid crystal module, control panel, printed circuit board and mechanical design.

Manufacturing capabilities consist of a range of high volume, or medium volume surface mount technology (SMT) assembly lines, and 50 wire bonding machines, with up to date demonstrated competencies for 0201, chip scale package (CSP), chip on board, chip on flex and chip on glass component assembly. Automatic insert capabilities are available for axial components, radial components and jumpers. PCI has significant manual assembly (conveyor belt 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 materials operations take 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

Being a cost leader in manufacturing does not compromise our commitment to the highest quality. The company received ISO 9002 certification for both Singapore and Batam in early 1993. The certification obtained from both the British Standards Institute and the Singapore PSB, attest to PCI's uncompromising long term commitment to meeting the exacting quality demands of our customers. Certification was enhanced in 1999 for our design and development services, with ISO 9001 certification by the Singapore PSB.

PCI is well abreast of the latest development in quality management. We have all our ISO certificates awarded to the latest ISO9001:2000 standard. Certification for Shanghai was received in early 2005. In addition, we have also achieved the ISO/TS 16949:2002 certification in March 2006 which replaces the QS9000 standard.

The Quality Assurance team serves a vital link between customers and our manufacturing locations. They play an extremely active role during project introduction and subsequent quality improvement.

PCI heavily utilizes a comprehensively equipped Accelerated Life Test (ALT) laboratory based in our Singapore facility, to qualify new products and to provide prediction and diagnosis of failures.

A DEDICATED PARTNER

PCI is a secure and dependable long-term partner. Our experience in supplying manufacturing solutions to the most demanding global customers is an assurance that PCI can get the job done. Customers frequently compliment us on providing a responsive and individual service regardless of the size of the project and PCI has been conferred numerous awards by happy and satisfied customers.

Once a program starts, a dedicated program manager will ensure a smooth transition from initiation through to manufacturing. We have a "can do" attitude, and are pro-active in working towards the best solution for our customers.



It's easy to work with PCI, customers have ready access to key individuals in Singapore, and support from local marketing personnel. Communications advances and our regular experience of working late into the night, help eliminate time zone differences. Once a program starts, a dedicated program manager will ensure a smooth transition from initiation through to manufacturing. We have a "can do" attitude and are pro-active in working towards the best solution for our customers.

PCI has been listed on the Singapore Exchange Securities Trading Limited since 11 May 1992.



“Profit from operations was US\$6.9 million; it was US\$6.0 million the previous year. This mainly resulted from improved productivity in the manufacturing plants and materials operations.”

FINANCIAL REVIEW

The revenue of the Group was US\$169 million, a 17.6% decrease over the previous year's revenue of US\$205 million. This was mainly due to a slow-down of the Electronic Manufacturing Services activity which contributed 98% of the revenue.

The net profit after tax attributable to shareholders was US\$5.5 million; it was US\$6.3 million the previous year.

The Group remains financially healthy. As at June 30, 2008, its total assets and liabilities were US\$113.5 million and US\$54.8 million respectively. There was no borrowing.

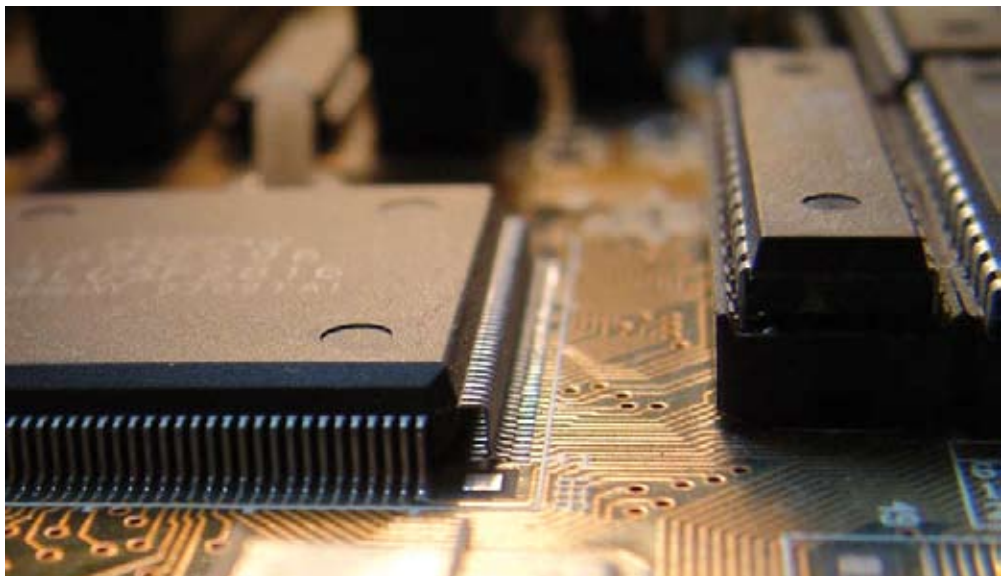
EBIDTA ("Earnings before interest on borrowings and financial cost, income tax, depreciation and amortisation"), exceptional items and minority interest were US\$10.2 million.

OPERATIONAL REVIEW

The revenue of the Group decreased 17.6% compared to the previous year. Our customers, feeling the impact of the global economic turmoil, had cut back orders for existing products and also delayed or shelved the launching of their new products. The decrease in our revenue was mainly due to the resulting weaker demand for our Electronic Manufacturing Services.

Profit from operations was US\$6.9 million; it was US\$6.0 million the previous year. This mainly resulted from improved productivity in the manufacturing plants and materials operations.

The Group continued its efforts to upgrade and augment the manufacturing capabilities of its plants to further improve the productivity and to meet the increasing standard demanded by customers.





OUTLOOK

The current global economic slow-down is a fact no longer disputed. However there is no consensus among the experts on how deep and how long it will be. The recent US government's bailout of Fannie Mae and Freddie Mac and new reports of problems faced by financial institutions indicate that the fallout from the sub-prime crisis in the US is not over yet. Hence, the Directors are cautious about the short term outlook of the Electronics Manufacturing Services market.

For the long term, the Group will continue to invest in business development, design engineering and the development of new sectors in the Original Design and Manufacturing segment of the market.

It will also improve on productivity and upgrade its manufacturing and business processes.

ACKNOWLEDGMENT

The Board of Directors expresses its appreciation for the dedication and efforts of the management and staff. The Board also thanks our customers, suppliers, business partners and shareholders for their continued support.

Handwritten signature of Pei Kwee Chim.

PEH KWEE CHIM
Executive Chairman
9 September 2008

GROUP FINANCIAL HIGHLIGHTS

	2008 US\$'000	2007 US\$'000	INCREASE/ (DECREASE) %
Turnover	168,901	204,938	(17.58%)
Profit before taxation	6,927	6,216	11.44%
Profit after taxation	5,397	6,331	(14.75%)
Paid up share capital	44,552	44,552	0.00%
	US Cents	US Cents	
Net Asset Value Per Share (Cents)	29.57	27.76	6.52%
Basic Earnings Per Share (Cents)	2.75	3.18	(13.52%)

FIVE-YEAR GROUP FINANCIAL STATISTICS

	2008 US\$'000	2007 US\$'000	2006 US\$'000	2005 US\$'000	2004 US\$'000
INCOME STATEMENT					
Turnover ⁽¹⁾	168,901	204,938	167,010	144,709	144,605
Profit before taxation	6,927	6,216	7,073	8,368	12,140
Profit after taxation	5,397	6,331	6,018	6,354	9,259
Profit attributable to shareholders	5,454	6,313	5,978	6,360	9,214
Interim dividend paid	-	530	974	-	-
Proposed final dividends	2,189	2,750	2,034	2,821	2,788
BALANCE SHEET					
Current Assets	95,397	85,055	82,488	53,297	55,894
Property, plant and equipment	7,158	7,230	6,754	4,479	3,490
Investment Property ⁽²⁾	7,723	5,981	5,588	5,726	5,988
Investment - fair value through profit and loss	1,920	967	-	-	-
Available for sale investments	943	2,091	6,191	21,844	23,001
Other non-current assets	370	294	294	294	294
	113,511	101,618	101,315	85,640	88,667
Shareholders' equity	58,705	55,120	50,366	49,405	44,161
Current Liabilities	54,181	45,881	50,289	35,497	43,857
Deferred taxation	578	525	591	711	447
Minority interests	47	92	69	27	202
	113,511	101,618	101,315	85,640	88,667
PER SHARE DATA					
Basic Earnings per share (US cents)	2.75	3.18	3.01	3.21	4.70
Fully Diluted Earnings per share (US cents)	2.74	3.18	3.01	3.30	4.66
Dividend rate per share (less tax) (S\$ cents)	1.50	3.00	3.00	3.00	3.00
Net tangible assets per share (US cents)	29.57	27.76	25.37	24.92	22.32
Issued and paid up capital (US\$'000)	44,552	44,552	44,552	29,668	29,612

⁽¹⁾ Prior year amounts have been reclassified to comply with current year classifications.

⁽²⁾ Reclassified from property, plant and equipment on adoption of FRS40.

BOARD OF DIRECTORS



PEH KWEE CHIM



TEO TECK CHUAN



DR TAN CHENG BOCK



LIM KWEE SIAH



LOH KEE KONG



TEY SWEE NAI, NANCY

Mr Peh Kwee Chim

Executive Chairman

Mr Peh Kwee Chim is the Executive Chairman of PCI Limited ("PCI"). He was appointed as Director and Chairman in November 1989. He was last re-elected on 20 October 2006. 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 management, 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. He was one of the co-founders of Chuan Hup Holdings Limited in 1970 and has over 30 years of experience in the marine transportation, marine logistics and offshore support services industries. Mr Peh is also a Director of CH Offshore Ltd, Dredging International Asia Pacific Pte Ltd and Security Land Corporation.

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

Mr Teo Teck Chuan

Chief Executive Officer & Executive Director

Mr Teo Teck Chuan is an Executive Director and the Chief Executive Officer of PCI. He was appointed as Director and Chief Operating Officer in October 1994 and Chief Executive Officer in October 2003. He will be due for re-election at the coming Annual General Meeting ("AGM") under Article 110 of the Company's Articles of Association. He is responsible for the overall performance of the Company. Mr Teo has over 20 years of working experience in the electronics and telecommunication industry. His extensive exposure to the various aspects of the industry ranges from research and development, manufacturing quality assurance and control to business development and management.

Mr Teo graduated in 1980 from Ecole Nationale Supérieure d'Électronique et de Radioélectricité de Grenoble, France (ENSERG) with a Master in Engineering degree, with mention très bien.

BOARD OF DIRECTORS

Dr Tan Cheng Bock

Non-Executive, Independent Director

Dr Tan Cheng Bock is a Non-Executive, Independent Director of PCI. He was appointed in March 1992 and was last re-elected on 20 October 2006. Dr Tan is also the Chairman of the Remuneration and Nominating Committees and a member of the Audit Committee.

Dr Tan is the Non-Executive Chairman of Chuan Hup Holdings Limited, the Chairman of Dredging International Asia Pacific Pte Ltd and a Director of ING Private Bank. He is also an independent Director of the H-REIT Manager Board and HBT Trustee-Manager Board and sits on the Audit Committee of both companies. He was a Board member of Land Transport Authority until 2005.

Dr Tan served as a Member of Parliament for Ayer Rajah from 1980 to 2006. He was also the Leader of the Singapore Southeast Asia Parliamentary Group, Chairman of the West Coast - Ayer Rajah Town Council, Vice-Chairman of the South West Community Development Council and member of the Government Parliamentary Committee for Defence and Foreign Affairs.

After retiring from politics, Dr Tan continued to serve the Ministry of Health as Chairman of the Jurong Medical Centre. He is a board member of the Council for the Third Age.

A private medical practitioner by profession, Dr Tan obtained his Bachelor of Medicine and Surgery degree from the then University of Singapore in 1968. In addition, he is a Fellow of the College of Family Practitioners and an Honorary Member of the Singapore Medical Association.

Mr Lim Kwee Siah

Non-Executive Director

Mr Lim Kwee Siah is a Non-Executive Director of PCI. He was appointed in August 1989 and was last re-elected on 29 October 2007. Mr Lim is also a member of the Audit and Remuneration Committees.

Mr Lim is also a Director of Scomi Marine Bhd. Mr Lim was an Executive Director of Chuan Hup Holdings Limited ("CHH") from November 1989 to October 2005. He oversaw the Finance and Accounting functions of the CHH Group during his term and was a member of the Audit Committee.

Mr Lim graduated from the then University of Singapore in 1976 with a Bachelor of Accountancy degree and is a Fellow Member of the Institute of Certified Public Accountants of Singapore.

Mr Loh Kee Kong

Executive Director

Mr Loh Kee Kong is an Executive Director of PCI. He was appointed in August 1989 and will be due for re-election at the coming AGM under Article 110 of the Company's Articles of Association.

Mr Loh is a Director of Finbar Group Limited which is listed on the Australian Securities Exchange. Mr Loh is also an Alternate Director to Mr Peh Kwee Chim on the Board of CH Offshore Ltd.

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 Certified Public Accountants of Singapore.

Ms Tey Swee Nai, Nancy

Non-Executive, Independent Director

Ms Tey Swee Nai, Nancy is a Non-Executive, Independent Director and was appointed to this position in February 2005. She was last re-elected on 29 October 2007. She is also the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees.

Ms Tey has extensive experience in accounting, auditing and tax. She worked as an Assistant Examiner in the Income Tax Department (now known as Inland Revenue Authority) from 1962 to 1967. In 1967, she joined Peat, Marwick, Mitchell & Co. (now known as KPMG) as a Tax Senior before being promoted to Tax Manager. Thereafter, she joined the United Overseas Bank Group and was appointed as First Vice President in 1990. In 2004, she retired to pursue her personal interests.

Ms Tey was admitted to membership of the Australian Society of Accountants in 1965.

KEY EXECUTIVES

ELECTRONIC MANUFACTURING SERVICES

The core business of PCI Limited ("PCI") is the provision of electronic manufacturing services. Mr Teo Eng Lin, Chief Operating Officer, and his team are responsible for the running of this business.

Mr Teo Eng Lin

Chief Operating Officer

Mr Teo joined PCI in June 1995. He held the position of Sourcing and Marketing Support Manager from 1995 to 2000. He was appointed as Business Development Manager in September 2000 and promoted to Vice President, Business Development, responsible for the business development of EMS Division in October 2001. Mr Teo was appointed as Assistant Chief Operating Officer in November 2002 and as Chief Operating Officer in October 2003.

Mr Teo holds a Bachelor of Electrical Engineering degree from the National University of Singapore.

Mr Thomas Muljadi Handojo

Senior Business Manager

Mr 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 Senior Business Manager in October 2007. He is responsible for Business Development, Program Management and Engineering.

Mr Handojo holds an MBA degree in Management of Technology from the Nanyang Technological University of Singapore and a Bachelor of Electronics Engineering degree from Trisakti University of Jakarta.

Mr Dominic Chan

Senior Manager, Order Fulfillment and Planning

Mr Chan joined PCI in April 2003 as Head of Purchasing. He was promoted to Material Operations Manager in February 2005 and appointed General Manager of Batam Operations in April 2006. Mr Chan was appointed Senior Manager, Order Fulfillment and Planning in 2007 and is responsible for managing Customer Order Fulfillment, Material Operations, Supply Base Management and Information Technology Management.

Prior to joining PCI, Mr Chan worked as a Business Manager of Sales for North Asia Region in a Singapore-based company. He was subsequently appointed as Deputy Director of a plastics injection molding business in Europe and Russia.

Mr Chan holds a Bachelor of Engineering degree from the Nanyang Technological University.

Mr Tan Quee Lim

General Manager, Batam Operations

Mr Tan joined PCI in January 1990 as Senior Process Engineer and was promoted to 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. Mr Tan assumed the current appointment of General Manager, Batam Operations in March 2008 and is responsible for managing the Batam operations.

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

Mr Tan holds a Diploma in Electronics and Communication Engineering from the Singapore Polytechnic.

KEY EXECUTIVES

CORPORATE OFFICE

Mr Lee Keng Poh

Chief Financial Officer / Company Secretary

Mr Lee joined PCI in March 1990 as Finance Manager. He was appointed Group Financial Controller and Company Secretary in 1993 and Senior Vice President, Corporate Finance in January 2002. Mr Lee assumed the current appointment of Chief Financial Officer in November 2004.

Mr Lee holds a Bachelor of Accountancy degree from the then Singapore Nanyang University and is a member of the Institute of Certified Public Accountants of Singapore.

Mdm Wendy Teo

Chief Accountant

Mdm Wendy Teo joined PCI in March 1990 as Deputy Finance Manager. She was appointed Chief Financial Officer in January 2000. Mdm Teo was appointed Senior Vice President, Operations Control, in November 2004. Mdm Teo assumed the current appointment of Chief Accountant in July 2008.

Prior to joining PCI, Mdm Teo was the Accounting Manager of Chuan Hup Holdings Limited.

Mdm Teo holds a diploma in Business Studies from the Ngee Ann Polytechnic and is a member of The Institute of Internal Auditors Singapore.

Board of Directors

Mr Peh Kwee Chim (*Executive Chairman*)
Mr Teo Teck Chuan (*Chief Executive Officer*)
Dr Tan Cheng Bock
Mr Loh Kee Kong
Mr Lim Kwee Siah
Ms Tey Swee Nai, Nancy

Audit Committee

Ms Tey Swee Nai, Nancy (*Chairman*)
Dr Tan Cheng Bock
Mr Lim Kwee Siah

Remuneration Committee

Dr Tan Cheng Bock (*Chairman*)
Ms Tey Swee Nai, Nancy
Mr Lim Kwee Siah

Nominating Committee

Dr Tan Cheng Bock (*Chairman*)
Mr Peh Kwee Chim
Ms Tey Swee Nai, Nancy

Company Secretary

Mr Lee Keng Poh

Registered Office

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Share Registrar

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street #11-00
PWC Building
Singapore 048424

Auditors

Deloitte & Touche LLP
6 Shenton Way
#32-00 DBS Building Tower Two
Singapore 068809

Partner-in-Charge:

Mr Alan Nisbet
Date of appointment: 1 July 2007

FINANCIAL CALENDAR

Financial Year End	30 June 2008
Announcement of First Quarter Financial Results	9 November 2007
Announcement of Half-Year Financial Results	1 February 2008
Announcement of Third Quarter Financial Results	12 May 2008
Announcement of Full-Year Financial Results	15 August 2008
Despatch of Annual Report to Shareholders	30 September 2008
Annual General Meeting	17 October 2008
Book Closure to Register Members for Dividend Payment	13 November 2008
Proposed Payment of First and Final Dividend	28 November 2008