



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2018

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

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

CONSOLIDATED INCOME STATEMENT			
	1Q 2018	1Q 2017	+ / (-)
	\$'000	\$'000	%
Revenue	214,243	130,303	64
Other income	694	746	(7)
Raw materials, subcontract cost and other direct costs	(191,246)	(109,758)	74
Staff costs	(9,202)	(8,430)	9
Depreciation and amortisation expenses	(3,983)	(3,488)	14
Other expenses	(10,173)	(9,898)	3
Finance costs	(1,038)	(940)	10
	(705)	(1,465)	(52)
Share of results of associates	888	833	7
Profit/(loss) before income tax from continuing operations	183	(632)	(129)
Income tax	(125)	799	(116)
Profit from continuing operations, net of tax	58	167	(65)
Discontinued operations			
Profit from discontinued operations, net of tax	1,007	3,778	(73)
Profit for the period, net of tax	1,065	3,945	(73)
Attributable to:			
Equity holders of the Company			
Profit/(loss) from continuing operations, net of tax	30	(67)	145
Profit from discontinued operations, net of tax	878	3,193	(73)
	908	3,126	(71)
Non-controlling interests			
Profit from continuing operations, net of tax	28	234	(88)
Profit from discontinued operations, net of tax	129	585	(78)
	157	819	(81)
	1,065	3,945	(73)

The discontinued operations comprised the results from the Ports business, under Xinghua Port Holdings Ltd (Xinghua), which was de-merged on 7 February 2018, as a separate entity. The de-merger was effected through a capital reduction of the Company and a distribution in specie of all the shares in Xinghua, held by the Company, to its shareholders.

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

A. Profit before income tax is arrived at after crediting/(charging) the following:	1Q 2018 \$'000	1Q 2017 \$'000	+/(-) %
Interest income	73	89	(18)
Interest expense	(971)	(896)	8
Reversal of impairment loss on trade receivables	7	195	(96)
Foreign exchange (loss)/gain	(383)	7	nm
Gain on disposal of property, plant and equipment	32	46	(30)
Write-off of property, plant and equipment	(5)	(307)	(98)

B. The Group's tax charge for 1Q 2017 included a reversal of tax provision of \$728,000 related to previous periods.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	1Q 2018 \$'000	1Q 2017 \$'000	+/(-) %
Profit for the period, net of tax	1,065	3,945	(73)
Other comprehensive income:			
Foreign currency translation	3,362	(5,544)	161
Fair value changes of derivatives	(48)	(3,346)	99
Other comprehensive income for the period, net of tax	<u>3,314</u>	<u>(8,890)</u>	137
Total comprehensive income for the period	<u>4,379</u>	<u>(4,945)</u>	189
Attributable to:			
Equity holders of the Company	3,945	(4,946)	180
Non-controlling interests	434	1	nm
Total comprehensive income for the period	<u>4,379</u>	<u>(4,945)</u>	189
Attributable to equity holders of the Company:			
Total comprehensive income from continuing operations, net of tax	960	(4,925)	119
Total comprehensive income from discontinued operations, net of tax	2,985	(21)	nm
Total comprehensive income for the period attributable to equity holders of the Company	<u>3,945</u>	<u>(4,946)</u>	180

nm : 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.

BALANCE SHEETS	Group		Company	
	31-Mar-18 \$'000	31-Dec-17 \$'000	31-Mar-18 \$'000	31-Dec-17 \$'000
Non-current assets				
Property, plant and equipment	187,267	185,851	259	271
Intangible assets	4,381	4,324	981	1,001
Subsidiaries	-	-	99,145	81,049
Associates	4,616	3,728	-	-
Other investments	407	407	404	404
Other receivables	575	633	-	-
Deferred tax assets	461	475	-	-
	<u>197,707</u>	<u>195,418</u>	<u>100,789</u>	<u>82,725</u>
Current assets				
Inventories	21,995	34,362	-	-
Prepayments	3,580	2,652	543	566
Trade and other receivables	134,757	139,007	3,381	3,081
Other assets	6,144	4,631	-	-
Cash and short-term deposits	35,150	63,133	20,133	38,637
	<u>201,626</u>	<u>243,785</u>	<u>24,057</u>	<u>42,284</u>
Assets of disposal group classified as held for sale	-	341,434	-	102,000
	<u>201,626</u>	<u>585,219</u>	<u>24,057</u>	<u>144,284</u>
Current liabilities				
Loans and borrowings	37,259	41,559	-	-
Payables and accruals	87,957	98,925	1,408	1,366
Deferred income	-	5,361	-	-
Provisions	995	1,284	-	-
Income tax payable	1,340	1,408	33	33
Derivatives	1,589	1,627	1,589	1,627
	<u>129,140</u>	<u>150,164</u>	<u>3,030</u>	<u>3,026</u>
Liabilities directly associated with disposal group classified as held for sale	-	170,545	-	-
	<u>129,140</u>	<u>320,709</u>	<u>3,030</u>	<u>3,026</u>
Net current assets	<u>72,486</u>	<u>264,510</u>	<u>21,027</u>	<u>141,258</u>
Non-current liabilities				
Loans and borrowings	61,464	81,342	20,000	20,000
Deferred tax liabilities	7,039	6,991	-	-
Other liabilities	528	537	-	-
Provisions	3,236	3,149	-	-
	<u>72,267</u>	<u>92,019</u>	<u>20,000</u>	<u>20,000</u>
Net assets	<u>197,926</u>	<u>367,909</u>	<u>101,816</u>	<u>203,983</u>
Equity attributable to equity holders of the Company				
Share capital	12,645	151,799	12,645	151,799
Treasury shares	(957)	(957)	(957)	(957)
Reserves	179,302	141,138	90,128	53,141
Reserves of disposal group classified as held for sale	-	36,914	-	-
	<u>190,990</u>	<u>328,894</u>	<u>101,816</u>	<u>203,983</u>
Non-controlling interests	6,936	39,015	-	-
Total equity	<u>197,926</u>	<u>367,909</u>	<u>101,816</u>	<u>203,983</u>

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. (continued)

Explanatory Notes to Balance Sheets

The Ports business, under Xinghua Port Holdings Ltd. (Xinghua) was de-merged as a separate entity on 7 February 2018 and was listed on The Stock Exchange of Hong Kong Limited on 12 February 2018. The de-merger was effected through a capital reduction of the Company and a distribution in specie of all the shares in Xinghua held by the Company to its shareholders. Following the capital reduction of \$139.2 million, the share capital of the Company was reduced to \$12.6 million. The assets and liabilities of the de-merged Ports business were de-recognised accordingly.

The reduction in cash and short-term deposits is largely due to the repayment of bank loans and settlement of trade and other payables during the quarter.

1(b)(ii) In relation to the aggregate amount of group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As of 31 Mar 2018		As of 31 Dec 2017	
	<u>Secured</u> \$'000	<u>Unsecured</u> \$'000	<u>Secured</u> \$'000	<u>Unsecured</u> \$'000
Amount repayable in one year or less, or on demand	13,232	24,027	14,289	27,270
Amount repayable after one year	16,464	45,000	16,342	65,000

Details of any collateral

Certain short and long-term bank loans are secured by mortgages over certain assets of foreign subsidiaries.

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.**

CONSOLIDATED CASH FLOW STATEMENTS	1Q 2018	1Q 2017
	\$'000	\$'000
Cash flows from operating activities		
Profit/(loss) before income tax from continuing operations	183	(632)
Profit from discontinued operations	1,485	5,097
Adjustments for		
Depreciation expenses	4,775	6,051
Amortisation of intangible assets	53	-
Interest income	(73)	(127)
Interest expense	971	2,852
Gain on disposal of property, plant and equipment	(32)	(46)
Reversal of impairment loss on trade receivables	(7)	(195)
Write-down of inventories	62	-
Gain on disposal of other investments	-	(19)
Reversal of provisions	(233)	(21)
Write-off of property, plant and equipment	5	307
Fair value changes of derivatives	(86)	-
Share-based payment expenses	50	37
Share of results of associates	(1,073)	(1,273)
Foreign exchange differences	242	(249)
Operating cash flows before working capital changes	6,322	11,782
Decrease/(Increase) in		
Trade and other receivables	3,971	16,018
Prepayments	(866)	(561)
Inventories and work-in-progress	12,297	3,265
Other assets	(1,513)	628
Increase/(Decrease) in		
Payables, accruals and provisions	(5,475)	(12,810)
Deferred income	(5,364)	3,276
Cash flows from operations	9,372	21,598
Interest paid	(971)	(2,852)
Income tax paid	(1,577)	(1,961)
Interest received	73	127
Net cash flows from operating activities	6,897	16,912
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,188)	(5,096)
Additions to intangible assets	(110)	-
Proceeds from disposal of property, plant and equipment	32	645
Net cash outflow on de-merger of subsidiaries	(3,820)	-
Proceeds from disposal of other investments	-	45
Dividend income from associates	-	840
Capital redemption from other investment	-	156
Net cash flows used in investing activities	(8,086)	(3,410)
Cash flows from financing activities		
Proceeds from bank borrowings	9,515	-
Repayment of bank borrowings	(36,081)	(8,782)
Proceeds from reissuance of treasury shares	-	263
Net cash flows used in financing activities	(26,566)	(8,519)
Net (decrease)/increase in cash and cash equivalents	(27,755)	4,983
Cash and cash equivalents as at beginning of period	63,133	72,662
Effects of exchange rate changes on opening cash and cash equivalents	(228)	(525)
Cash and cash equivalents as at end of period	35,150	77,120

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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENTS OF CHANGES IN EQUITY	Attributable to equity holders of the Company								Non-controlling interests	Total Equity
	Share capital	Treasury shares	Statutory reserve	Foreign currency translation reserve	Retained earnings	Other reserves	Reserves of disposal group classified as held for sale	Total reserves		
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018, as previously reported	151,799	(957)	-	(6,925)	148,242	(179)	36,914	178,052	39,015	367,909
Effect on adoption of SFRS (I)	-	-	-	6,228	(6,228)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	978	30	(48)	2,985	3,945	434	4,379
Cost of share-based payment (share options)	-	-	-	-	-	50	-	50	-	50
Distribution in specie	-	-	-	-	-	37,154	(39,899)	(2,745)	(32,513)	(35,258)
Capital reduction	(139,154)	-	-	-	-	-	-	-	-	(139,154)
Balance at 31 March 2018	12,645	(957)	-	281	142,044	36,977	-	179,302	6,936	197,926
Balance at 1 January 2017, as previously reported	92,052	(1,759)	3,000	(6,766)	254,045	(66,885)	-	183,394	36,959	310,646
Effect on adoption of SFRS (I)	-	-	-	6,766	(6,766)	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(4,726)	3,126	(3,346)	-	(4,946)	1	(4,945)
Cost of share-based payment (share options)	-	-	-	-	-	37	-	37	-	37
Reissuance of treasury shares	-	378	-	-	-	(115)	-	(115)	-	263
Balance at 31 March 2017	92,052	(1,381)	3,000	(4,726)	250,405	(70,309)	-	178,370	36,960	306,001

(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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)

COMPANY	Share capital	Treasury shares	Retained earnings	Other reserves	Total reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	151,799	(957)	53,320	(179)	53,141	203,983
Total comprehensive income for the period	-	-	(169)	(48)	(217)	(217)
Cost of share-based payment (share options)	-	-	-	50	50	50
Distribution in specie	-	-	-	37,154	37,154	37,154
Capital reduction	(139,154)	-	-	-	-	(139,154)
Balance at 31 March 2018	12,645	(957)	53,151	36,977	90,128	101,816
Balance at 1 January 2017	92,052	(1,759)	54,289	4,003	58,292	148,585
Total comprehensive income for the period	-	-	(449)	(3,346)	(3,795)	(3,795)
Cost of share-based payment (share options)	-	-	-	37	37	37
Reissuance of treasury shares	-	378	-	(115)	(115)	263
Balance at 31 March 2017	92,052	(1,381)	53,840	579	54,419	145,090

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, shares buy-backs, exercise of shares 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 corresponding period of the immediately preceding financial year.

	1Q 2018 ended 31-Mar-18	1Q 2017 ended 31-Mar-17
Issued share capital		
Issued and fully paid ordinary shares: As at beginning and end of period	701,995,825	561,818,660
Treasury shares		
As at beginning	1,110,000	2,041,000
Less : Transfer of treasury shares to employees to fulfill obligations under the Pan-United Share Option Scheme	-	(438,000)
As at end of period	1,110,000	1,603,000
Total number of issued shares excluding treasury shares	700,885,825	560,215,660

There were no share buyback and no new shares issued during the quarter ended 31 March 2018.

	As at 31-Mar-18	As at 31-Mar-17
The number of shares that may be issued on exercise of share options outstanding at the end of the period	12,377,200	10,469,500

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

	As at 31-Mar-18	As at 31-Dec-17
Total number of issued shares	701,995,825	701,995,825
Treasury shares	1,110,000	1,110,000
Total number of issued shares excluding treasury shares	700,885,825	700,885,825

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

There were no sales, transfers, disposals, cancellations and /or use of treasury shares for the quarter ended 31 March 2018.

1(d)(v) **Subsidiary holdings.**

There were no subsidiary holdings as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by our auditors, Messrs Ernst & Young LLP.

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

Not applicable.

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

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2017.

5 If there are any changes in 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.

On 1 January 2018, the Group adopted the Singapore Financial Reporting Framework (International) (SFRS(I)), a new financial reporting framework identical to the International Financial Reporting Standards. As a first-time adopter of SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017 (date of transition), and accordingly, the gain or loss that will be recognised on a subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The foreign currency translation reserve of \$6.8 million, as previously reported was reclassified to the opening retained earnings as at 1 January 2017.

Other than the effects of the matter as described above, the Group expects that the adoption of the new standards that are effective on 1 January 2018 will have no material impact on the financial position and financial performance of the Group.

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

Earnings per share from continuing operations attributable to equity holders of the Company	Quarter ended 31 March		
	<u>2018</u>	<u>2017</u>	<u>Change</u>
Based on weighted average number of ordinary shares in issue (in cents)	0.0042	(0.0123)	nm
On a fully diluted basis (in cents)	0.0042	(0.0123)	nm

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on (b) immediately preceding financial year.

	<u>Group</u>	<u>Company</u>
Net asset value per ordinary share based on Issued share capital at 31 March 2018 (in cents)	27.2	14.5
Net asset value per ordinary share based on Issued share capital at 31 December 2017 (in cents)	46.9	29.1

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.

Review of 1Q2018 Performance

The revenue for 1Q2018 was \$214.2 million, 64% higher year-on-year (yoy) due mainly to higher trading revenue. The group reported an attributable profit of \$0.9 million for the period under review, 77% lower yoy. This was mainly due to the de-merger of the Ports business on 7 February 2018, resulting in profit contribution being recognized for the Ports business only up to the date of the de-merger, compared to full three months of profit contribution for the Port business in 1Q2017.

The Ports business, under Xinghua Port Holdings Ltd. (Xinghua), was de-merged as a separate entity on 7 February 2018. The de-merger was effected through a capital reduction of the Company and a distribution in specie of all the shares in Xinghua held by the Company to its shareholders. Xinghua was listed on The Stock Exchange of Hong Kong Limited on 12 February 2018. The results of the Ports business in 1Q2018 and its comparatives are presented separately on the income statement under "Discontinued operations".

From the continuing businesses of Concrete and Cement (C&C) and Trading, the net profit before tax improved from a net loss of \$0.6 million in the corresponding period last year to a net profit of \$0.2 million in 1Q2018, attributed largely to higher revenue. The net profit after tax was however lower yoy, as there was a reversal of \$0.7 million tax provision in 1Q2017.

The new slag grinding plant in Malaysia commenced operations in 1Q2018, accounting for the rise in depreciation and interest expense.

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.

Construction demand from the public and private sectors in Singapore is expected to spur activity in the coming months, with the Government increasing infrastructure spending to an estimated \$20.0 billion in FY2018. In line with the greater emphasis on building and updating Singapore's infrastructure, upcoming public-sector construction projects will include major transportation infrastructure projects, such as the Jurong Regional Line, Cross-Island Line and Circle Line 6, and the remaining contracts for the building of the Deep Tunnel Sewerage System and Changi Airport Terminal 5.

Private-sector construction demand is expected to improve by the launches of the redevelopment on the en bloc sites undertaken in the last 18 months.

Meanwhile, in Vietnam, foreign investment into Vietnam's real estate sector accounted for 16.7% of total foreign investment capital, according to the Foreign Investment Agency at the Ministry of Planning and Investment. The keen interest in the real estate sector is expected to continue in the rest of 2018.

Despite the opportunities in the markets the Group serves, the Group remains cautious as the markets remain fragmented and intensely competitive.

11 If a decision regarding dividend has been made:

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable:

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2018.

13 If the Group has obtained a general mandate from shareholders for interested person transactions ('IPT), 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 Group does not have a general mandate from shareholders for interested person transactions.

14 Negative confirmation pursuant to Rule 705(5).

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the quarter ended 31 March 2018 to be false or misleading.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.

CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Cho Form Po
Company Secretary
10 May 2018