



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2015

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						
	3Q 2015	3Q 2014	+ /(-)	YTD 2015	YTD 2014	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	209,430	195,708	7	624,107	562,139	11
Other income	713	843	(15)	3,233	2,742	18
Raw materials, subcontract cost and other direct costs	(166,028)	(151,226)	10	(497,410)	(433,532)	15
Staff costs	(10,191)	(9,528)	7	(29,066)	(27,403)	6
Depreciation expenses	(7,140)	(6,265)	14	(20,808)	(17,185)	21
Other expenses	(14,145)	(14,078)	0	(43,152)	(39,543)	9
Finance costs	(3,555)	(3,729)	(5)	(11,299)	(9,255)	22
	<u>9,084</u>	<u>11,725</u>		<u>25,605</u>	<u>37,963</u>	<u>(33)</u>
Share of results of associates	594	448	33	1,616	1,289	25
Profit before income tax	<u>9,678</u>	<u>12,173</u>	<u>(20)</u>	<u>27,221</u>	<u>39,252</u>	<u>(31)</u>
Income tax	(2,561)	(2,816)	(9)	(6,203)	(8,071)	(23)
Profit for the period, net of tax	<u>7,117</u>	<u>9,357</u>	<u>(24)</u>	<u>21,018</u>	<u>31,181</u>	<u>(33)</u>
Profit attributable to:						
Equity holders of the Company	6,000	8,436	(29)	17,825	28,766	(38)
Non-controlling interests	1,117	921	21	3,193	2,415	32
	<u>7,117</u>	<u>9,357</u>	<u>(24)</u>	<u>21,018</u>	<u>31,181</u>	<u>(33)</u>

Profit before income tax is arrived at after crediting/ (charging) the following:	3Q 2015	3Q 2014	+ /(-)	YTD 2015	YTD 2014	+ /(-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	45	113	(60)	153	271	(44)
Interest expense	(3,522)	(3,674)	(4)	(11,163)	(9,106)	23
Dividend income from investments	168	152	11	710	582	22
Bad debts written off	(440)	-	nm	(488)	-	nm
Impairment loss on trade receivables	-	(1)	nm	(17)	(8)	113
Foreign exchange gain/(loss)	169	(317)	(153)	50	(671)	(107)
Fair value changes of derivatives	-	334	nm	-	214	nm
Provision for impairment on property, plant and equipment	-	(255)	nm	-	(255)	nm
Write down of inventories	-	(4)	nm	-	(604)	nm
Loss on disposal of property, plant and equipment	(160)	(35)	357	(200)	(30)	nm
Write-off of property, plant and equipment	(66)	(144)	(54)	(244)	(144)	69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
	3Q 2015	3Q 2014	+ / (-)	YTD 2015	YTD 2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period, net of tax	7,117	9,357	(24)	21,018	31,181	(33)
Other comprehensive income:						
Foreign currency translation	319	3,020	(89)	379	(1,169)	132
Fair value changes of derivatives	643	(997)	nm	933	(997)	nm
Other comprehensive income for the period, net of tax	962	2,023	52	1,312	(2,166)	161
Total comprehensive income for the period	<u>8,079</u>	<u>11,380</u>	(29)	<u>22,330</u>	<u>29,015</u>	(23)
Total comprehensive income attributable to:						
Equity holders of the Company	6,143	9,824	(37)	17,976	26,599	(32)
Non-controlling interests	1,936	1,556	24	4,354	2,416	80
	<u>8,079</u>	<u>11,380</u>	(29)	<u>22,330</u>	<u>29,015</u>	(23)

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	
	30-Sep-15 \$'000	31-Dec-14 \$'000	30-Sep-15 \$'000	31-Dec-14 \$'000
Non-current assets				
Vessels, property, plant and equipment	469,649	449,398	286	322
Subsidiaries	-	-	191,900	206,220
Associates	4,829	5,254	-	-
Other investments	1,925	1,903	-	-
Other receivables	364	90	-	-
Goodwill	23,974	23,974	-	-
Derivatives	292	-	292	-
Deferred tax assets	1,324	1,218	-	-
	<u>502,357</u>	<u>481,837</u>	<u>192,478</u>	<u>206,542</u>
Current assets				
Cash and short-term deposits	37,431	53,888	10,138	20,362
Trade and other receivables	182,352	169,526	3,057	1,523
Prepayments	2,798	3,280	192	165
Work-in-progress	3,600	1,002	-	-
Inventories	30,509	33,011	-	-
	<u>256,690</u>	<u>260,707</u>	<u>13,387</u>	<u>22,050</u>
Current liabilities				
Bank loans	58,262	25,520	-	-
Payables and accruals	123,151	136,840	1,296	1,754
Deferred income	5,578	3,937	-	-
Provisions	1,083	1,272	-	-
Income tax payable	4,620	5,792	-	12
	<u>192,694</u>	<u>173,361</u>	<u>1,296</u>	<u>1,766</u>
Net current assets	63,996	87,346	12,091	20,284
Non-current liabilities				
Bank loans	239,570	242,495	75,000	75,000
Deferred tax liabilities	8,498	7,983	-	-
Deferred income	1,356	1,299	-	-
Other liabilities	579	564	-	-
Provisions	3,950	3,550	-	-
Derivatives	-	641	-	641
	<u>253,953</u>	<u>256,532</u>	<u>75,000</u>	<u>75,641</u>
Net assets	312,400	312,651	129,569	151,185
Equity attributable to equity holders of the Company				
Share capital	92,052	92,052	92,052	92,052
Treasury shares	(1,759)	(1,860)	(1,759)	(1,860)
Reserves	187,567	191,624	39,276	60,993
	<u>277,860</u>	<u>281,816</u>	<u>129,569</u>	<u>151,185</u>
Non-controlling interests	34,540	30,835	-	-
Total equity	312,400	312,651	129,569	151,185

Explanatory Notes to Balance Sheets

The increase in vessels, property, plant and equipment is mainly from capital expenditure of the Basic Building Resources Division.

The increase in trade and other receivables came mainly from the Basic Building Resources as a result of growth in activities.

The decrease in cash and short term deposits is mainly for capital expenditure, settlement of accounts payables and payment of dividends.

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 30 Sep 2015		As at 31 Dec 2014	
	<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	16,724	41,538	19,769	5,751
Amount repayable after one year	160,986	78,584	122,339	120,156

Details of any collateral

The secured short and long-term bank loans are backed 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	3Q 2015	3Q 2014	YTD 2015	YTD 2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before income tax	9,678	12,173	27,221	39,252
Adjustments for				
Depreciation expenses	7,140	6,265	20,808	17,185
Dividend income from other investments	(168)	(152)	(710)	(582)
Interest expense, net	3,477	3,561	11,010	8,835
Loss on disposal of other investments	-	-	-	1
Loss on disposal of property, plant and equipment	160	35	200	30
Provision for impairment on property, plant and equipment	-	255	-	255
Bad debts written off	440	-	488	-
Impairment loss on trade receivables	-	-	17	-
Write down of inventories	-	4	-	604
Write-off of property, plant and equipment	66	144	244	144
Fair value changes of derivatives	-	(334)	-	(214)
Share-based payment expenses	76	85	226	256
Share of results of associates	(594)	(448)	(1,616)	(1,289)
Foreign exchange differences	(652)	(855)	(1,591)	(875)
Operating cash flows before working capital changes	19,623	20,733	56,297	63,602
(Increase) Decrease in:				
Trade and other receivables	(7,056)	(8,980)	(13,605)	(6,090)
Prepayments	709	415	482	(107)
Inventories and work-in-progress	(7,467)	(9,413)	(96)	(5,038)
Increase (Decrease) in				
Payables, accruals and provisions	5,318	11,779	(13,878)	(11,969)
Deferred income	2,319	5,851	1,698	5,490
Cash flow generated from operating activities	13,446	20,385	30,898	45,888
Interest paid	(3,522)	(3,674)	(11,163)	(9,106)
Income tax paid	(3,091)	(3,494)	(6,966)	(9,140)
Interest received	45	113	153	271
Net cash flows generated from operating activities	6,878	13,330	12,922	27,913
Cash flows from investing activities				
Acquisition of vessels, property, plant and equipment	(14,818)	(6,078)	(29,579)	(24,597)
Net cash outflow on acquisition of a subsidiary	-	-	-	(47,364)
Proceeds from disposal of property, plant and equipment	75	67	163	87
Proceeds from disposal of other investments	-	-	-	460
Dividend income from associates	1,166	1,100	2,310	2,194
Dividend income from other investments	168	152	710	582
Net cash flows used in investing activities	(13,409)	(4,759)	(26,396)	(68,638)
Cash flows from financing activities				
Proceeds from bank borrowings	28,533	30,928	112,078	139,626
Repayment from bank borrowings	(7,895)	(60,797)	(91,859)	(86,481)
Proceeds from issuance of share capital	-	-	-	1,216
Proceeds from reissuance of treasury shares	29	-	65	-
Dividends paid to shareholders	(8,397)	(8,427)	(23,788)	(23,877)
Dividends paid to non-controlling interests	-	-	(649)	(528)
Net cash from/(used in) financing activities	12,270	(38,296)	(4,153)	29,956
Net increase/(decrease) in cash and cash equivalents	5,739	(29,725)	(17,627)	(10,769)
Cash and cash equivalents as at beginning of period	30,818	96,811	53,888	79,183
Effects of exchange rate changes on opening cash	874	1,274	1,170	(54)
Cash and cash equivalents as at end of period	37,431	68,360	37,431	68,360

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.

STATEMENT OF CHANGES IN EQUITY	Attributable to equity holders of the Company							Non-controlling interests	Total Equity
	Share capital	Treasury shares	Capital reserve	Foreign	Accumulated profits	Other reserves	Total reserves		
				currency translation					
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	92,052	(1,860)	3,000	(3,441)	262,628	(70,563)	191,624	30,835	312,651
Total comprehensive income for the period	-	-	-	(282)	11,825	-	11,543	2,418	13,961
Cost of share-based payment (share options)	-	-	-	-	-	150	150	-	150
Reissuance of treasury shares	-	50	-	-	-	(14)	(14)	-	36
Fair value changes of derivatives	-	-	-	-	-	290	290	-	290
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(649)	(649)
Dividends on ordinary shares	-	-	-	-	(15,391)	-	(15,391)	-	(15,391)
Balance at 30 June 2015	92,052	(1,810)	3,000	(3,723)	259,062	(70,137)	188,202	32,604	311,048
Total comprehensive income for the period	-	-	-	1,066	6,000	-	7,066	1,936	9,002
Cost of share-based payment (share options)	-	-	-	-	-	75	75	-	75
Reissuance of treasury shares	-	51	-	-	-	(22)	(22)	-	29
Fair value changes of derivatives	-	-	-	-	-	643	643	-	643
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	(8,397)	-	(8,397)	-	(8,397)
Balance at 30 September 2015	92,052	(1,759)	3,000	(2,657)	256,665	(69,441)	187,567	34,540	312,400
Balance at 1 January 2014	90,630	-	3,000	(4,577)	254,102	(69,883)	182,642	19,907	293,179
Total comprehensive income for the period	-	-	-	(3,555)	20,330	-	16,775	860	17,635
Acquisition of subsidiary	-	-	-	-	-	-	-	7,410	7,410
Cost of share-based payment (share options)	-	-	-	-	-	171	171	-	171
Issuance of shares under share option plan	1,422	-	-	-	-	(206)	(206)	-	1,216
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(528)	(528)
Dividends on ordinary shares	-	-	-	-	(15,450)	-	(15,450)	-	(15,450)
Balance at 30 June 2014	92,052	-	3,000	(8,132)	258,982	(69,918)	183,932	27,649	303,633
Total comprehensive income for the period	-	-	-	2,385	8,436	-	10,821	1,556	12,377
Cost of share-based payment (share options)	-	-	-	-	-	85	85	-	85
Fair value changes of derivatives	-	-	-	-	-	(997)	(997)	-	(997)
Dividends on ordinary shares	-	-	-	-	(8,427)	-	(8,427)	-	(8,427)
Balance at 30 September 2014	92,052	-	3,000	(5,747)	258,991	(70,830)	185,414	29,205	306,671

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.

COMPANY	Share capital	Treasury shares	Accumulated profits	Other reserves	Total reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	92,052	(1,860)	60,668	325	60,993	151,185
Total comprehensive income for the period	-	-	(87)	-	(87)	(87)
Cost of share-based payment (share options)	-	-	-	150	150	150
Reissuance of treasury shares	-	50	-	(14)	(14)	36
Fair value changes of derivatives	-	-	-	290	290	290
Dividends on ordinary shares	-	-	(15,391)	-	(15,391)	(15,391)
Balance at 30 June 2015	92,052	(1,810)	45,190	751	45,941	136,183
Total comprehensive income for the period	-	-	1,036	-	1,036	1,036
Cost of share-based payment (share options)	-	-	-	75	75	75
Reissuance of treasury shares	-	51	-	(22)	(22)	29
Fair value changes of derivatives	-	-	-	643	643	643
Dividends on ordinary shares	-	-	(8,397)	-	(8,397)	(8,397)
Balance at 30 September 2015	92,052	(1,759)	37,829	1,447	39,276	129,569
Balance at 1 January 2014	90,630	-	78,692	1,005	79,697	170,327
Total comprehensive income for the period	-	-	(215)	-	(215)	(215)
Cost of share-based payment (share options)	-	-	-	171	171	171
Issuance of shares under share option plan	1,422	-	-	(206)	(206)	1,216
Dividends on ordinary shares	-	-	(15,450)	-	(15,450)	(15,450)
Balance at 30 June 2014	92,052	-	63,027	970	63,997	156,049
Total comprehensive income for the period	-	-	375	-	375	375
Cost of share-based payment (share options)	-	-	-	85	85	85
Fair value changes of derivatives	-	-	-	(997)	(997)	(997)
Dividends on ordinary shares	-	-	(8,427)	-	(8,427)	(8,427)
Balance at 30 September 2014	92,052	-	54,975	58	55,033	147,085

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.

	3Q 2015 ended 30 Sep 2015	3Q 2014 ended 30 Sep 2014
Issued share capital		
Issued and fully paid ordinary shares:		
As at beginning of period	561,818,660	561,818,660
Add: Shares issued during the period - exercise of share options	-	-
As at end of period	561,818,660	561,818,660
Treasury shares		
As at beginning of period	2,101,000	-
Transfer of treasury shares to employees to fulfill obligations under the Pan-United Share Option Scheme	(60,000)	-
As at end of period	2,041,000	-
Total number of issued shares excluding treasury shares	559,777,660	561,818,660

There were no share buyback and no new shares issued during the quarter ended 30 September 2015.

	As at 30-Sep-15	As at 30-Sep-14
The number of shares that may be issued on exercise of share options outstanding at the end of the period	5,869,500	4,333,500

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 30-Sep-15	As at 31-Dec-14
Total number of issued shares	561,818,660	561,818,660
Treasury shares	2,041,000	2,159,000
Total number of issued shares excluding treasury shares	559,777,660	559,659,660

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.

During the quarter ended 30 September 2015, 60,000 treasury shares were transferred to employees pursuant to the Pan-United Share Option Scheme.

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

The figure 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 December 2014, except as disclosed in note 5 below.

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.

The Group has adopted all the applicable new/revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2015. The adoption of these new/revised FRS does not have any material impact to the Group's financial statements.

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 ordinary share for the period based on equity holders of the company	Quarter ended 30 September			Year to date ended 30 September		
	2015	2014	Change	2015	2014	Change
Based on weighted average number of ordinary shares in issue (in cents)	1.1	1.5	-27%	3.2	5.1	-37%
On a fully diluted basis (in cents)	1.1	1.5	-27%	3.2	5.1	-37%

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.

	Group	Company
Net asset value per ordinary share based on Issued share capital at 30 September 2015 (In cents)	49.6	23.1
Net asset value per ordinary share based on Issued share capital at 31 December 2014 (In cents)	50.4	27.0

- 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 Year to date 2015 Performance

The Group's revenue rose 11% year-on-year (yoy) to \$624.1 million, driven primarily by higher sales volume of ready-mixed concrete (RMC) and cement in the Basic Building Resources (BBR) division, as well as strong cargo throughput growth in the Port division.

Revenue at BBR division grew 11% despite weak selling prices in Singapore. Competitive pricing and the appreciation of the US dollar against the Singapore dollar resulting in higher raw material costs during the period continued to impact earnings. However, the division remained profitable notwithstanding the challenging operating conditions.

The Xinghua Port Group continued to report improved earnings on the back of an 18% rise in cargo throughput, mainly from steel, logs, pulp & paper and other general cargoes. Cargoes handled at Changshu Xinghua Port (CXP) increased nearly 8% yoy and the addition of Changshu Changjiang International Port Co., Ltd (CCIP), since 2Q 2014, also contributed to the growth of the Port division.

The higher operating overheads and depreciation were mainly attributable to capacity expansions in the BBR operations in Singapore and Indonesia, and from CCIP. The acquisition of CCIP on 24 March 2014 also resulted in higher interest expenses.

The Group reported a 38% yoy decline in its net attributable profit after tax to shareholders.

- 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.**

Management is committed to invest in its core businesses to build a growing and sustainable long term earnings base.

Although the Singapore BBR market conditions remain difficult, the Group's investments in its upstream operations in Singapore, Malaysia and Indonesia are expected to sharpen its overall cost efficiency so as to capture more value add, especially when the operating environment improves. In addition, our investment in cement and ready-mixed concrete product development and technology enhance our quality and service levels and support the growth of our businesses.

The strategic location of CXP and CCIP at the gateway of the Yangtze River Delta, as well as support from key cargoes such as pulp & paper and finished steel products, are expected to provide a buffer to China's slower economic growth. At the same time, we continue to benefit from synergies in operating both ports jointly and will tap on opportunities to diversify our cargo base further.

The Shipping division is expected to face weak demand from competition due to surplus capacity in the bulk shipping market. However, it remains focused to improve vessel utilization by working closely with our customers and being more cost competitive.

11 If a decision regarding dividend has been made:

(a) Current Financial Period Report 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.

Not applicable.

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 BY THE BOARD

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 30 September 2015 to be false or misleading.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Joint Company Secretary
11 November 2015