



## PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

### FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2014

#### 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.

	Group		
	1Q 2014 \$'000	1Q 2013 \$'000	+ / (-) %
<b>Revenue</b>	<b>177,978</b>	<b>167,025</b>	<b>7</b>
Other income	908	904	-
Raw materials, subcontract costs and other direct costs	(138,765)	(126,485)	10
Staff costs	(9,114)	(8,175)	11
Depreciation expenses	(5,165)	(5,103)	1
Other expenses	(11,997)	(11,625)	3
Finance costs	(1,783)	(1,273)	40
	<b>12,062</b>	<b>15,268</b>	<b>(21)</b>
Share of results of associates	496	383	30
<b>Profit before income tax</b>	<b>12,558</b>	<b>15,651</b>	<b>(20)</b>
Income tax	(2,072)	(3,455)	(40)
<b>Profit for the period, net of tax</b>	<b>10,486</b>	<b>12,196</b>	<b>(14)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	9,737	10,297	(5)
Non-controlling interests	749	1,899	(61)
	<b>10,486</b>	<b>12,196</b>	<b>(14)</b>

#### Notes to the income statement

A. Profit before income tax is arrived at after crediting/ (charging) the following:	Group		
	1Q 2014 \$'000	1Q 2013 \$'000	+ / (-) %
Interest income	46	99	(54)
Interest expense	(1,729)	(1,195)	45
Dividend income from investments	230	379	(39)
Write-back for doubtful debts on trade receivables	-	67	nm
Foreign exchange (loss)/gain	(117)	197	(159)
Fair value loss on held-for-trading investments	-	(51)	nm
Fair value loss on derivatives	(120)	-	nm
Gain on disposal of property, plant and equipment	10	20	(50)
Write-off of property, plant and equipment	-	(18)	nm

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.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 2014 \$'000	31 Dec 2013 \$'000	31 Mar 2014 \$'000	31 Dec 2013 \$'000
<b>Non-current assets</b>				
Vessels, property, plant and equipment	432,947	291,391	403	233
Subsidiaries	-	-	196,436	194,774
Associates	5,437	5,096	-	-
Other investments	1,880	2,341	-	11
Other receivables	144	169	-	-
Goodwill	24,295	2,345	-	-
Deferred tax assets	751	194	-	-
	<u>465,454</u>	<u>301,536</u>	<u>196,839</u>	<u>195,018</u>
<b>Current assets</b>				
Cash and short-term deposits	59,001	79,183	19,200	27,509
Trade and other receivables	159,219	157,502	2,332	2,440
Prepayments	3,792	2,980	154	357
Work-in-progress	1,983	470	-	-
Inventories	24,497	24,364	-	-
	<u>248,492</u>	<u>264,499</u>	<u>21,686</u>	<u>30,306</u>
<b>Current liabilities</b>				
Bank loans	38,275	45,953	-	7,000
Payables and accruals	130,133	120,898	1,655	2,715
Deferred income	3,946	3,706	-	-
Provisions	839	1,023	-	-
Income tax payable	9,880	8,106	58	68
	<u>183,073</u>	<u>179,686</u>	<u>1,713</u>	<u>9,783</u>
<b>Net current assets</b>	<b>65,419</b>	<b>84,813</b>	<b>19,973</b>	<b>20,523</b>
<b>Non-current liabilities</b>				
Bank loans	209,024	81,575	45,000	45,000
Deferred tax liabilities	6,666	6,529	-	-
Deferred income	1,412	1,454	-	-
Other liabilities	545	548	-	-
Provisions	3,050	2,850	-	-
Derivatives	334	214	334	214
	<u>221,031</u>	<u>93,170</u>	<u>45,334</u>	<u>45,214</u>
<b>Net assets</b>	<b>309,842</b>	<b>293,179</b>	<b>171,478</b>	<b>170,327</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	91,887	90,630	91,887	90,630
Reserves	190,198	182,642	79,591	79,697
	<u>282,085</u>	<u>273,272</u>	<u>171,478</u>	<u>170,327</u>
<b>Non-controlling interests</b>	<b>27,757</b>	<b>19,907</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>309,842</b>	<b>293,179</b>	<b>171,478</b>	<b>170,327</b>

**Explanatory Notes to Statement of Financial Position**

The Group's subsidiary, Changshu Xinghua Port Co., Ltd (CXP), completed the acquisition of 90% equity interest in Changshu Changjiang International Port Co., Ltd (CCIP) on 24 March 2014.

Following the completion, CCIP became a 90% owned subsidiary of CXP. Accordingly, its balance sheet was included in the consolidated Statement of Financial Position reported as at 31 March 2014, which resulted mainly in an increase in vessels, property, plant and equipment, goodwill and non-current bank loans.

A provisional goodwill of \$22.0 million arising from the acquisition was recorded as at 31 March 2014. This is derived from the difference between the consideration of Rmb436.65 million (approx. \$88.6 million) paid, and the 90% share of the net tangible assets of CCIP.

The increase in long-term bank loans was due to new bank loans of Rmb200 million (approx. \$41.0 million) taken up by CXP to finance the acquisition and also the consolidation of the existing bank loans of Rmb433 million (approx. \$88.0 million) in the books of CCIP.

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

	As at 31 Mar 2014		As at 31 Dec 2013	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
<b>Amount repayable in one year or less, or on demand</b>	1,735	36,540	1,333	44,620
<b>Amount repayable after one year</b>	118,349	90,675	-	81,575

**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.

	Group	
	1Q 2014 \$'000	1Q 2013 \$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	12,558	15,651
Adjustments for		
Depreciation expenses	5,165	5,103
Dividend income from other investments	(230)	(379)
Interest expense, net	1,683	1,096
Write-off of property, plant and equipment	-	18
Gain on disposal of property, plant and equipment	(10)	(20)
Loss on disposal of other investments	1	-
Fair value loss on held-for-trading investments	-	51
Fair value loss on derivatives	120	-
Share-based payment expenses	86	55
Share of results of associates	(496)	(383)
Foreign exchange differences	(426)	(424)
Operating cash flows before working capital changes	18,451	20,768
(Increase) Decrease in:		
Trade and other receivables	2,863	(6,308)
Prepayments	(672)	(275)
Inventories and work-in-progress	(1,617)	(2,084)
Increase (Decrease) in		
Trade payables and accruals	(18,982)	(9,031)
Deferred income	198	(373)
Cash flow generated from operating activities	241	2,697
Interest paid	(1,729)	(1,195)
Income tax paid	(718)	(1,008)
Interest received	46	99
Net cash flows (used in)/generated from operating activities	(2,160)	593
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(6,133)	(9,407)
Acquisition of other investments	-	(312)
Net cash outflow on acquisition of a subsidiary	(47,364)	-
Proceeds from disposal of property, plant and equipment	13	20
Proceeds from disposal of other investments	460	14,780
Dividend income from other investments	230	379
Net cash flows (used in)/from investing activities	(52,794)	5,460
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings, net	34,406	204
Proceeds from issuance of share capital	1,074	913
Proceeds from reissuance of treasury shares	-	908
Net cash from financing activities	35,480	2,025
<b>Net (decrease)/increase in cash and cash equivalents</b>	(19,474)	8,078
<b>Cash and cash equivalents as at beginning of period</b>	79,183	90,361
<b>Effects of exchange rate changes on opening cash and cash equivalents</b>	(708)	275
<b>Cash and cash equivalents as at end of period</b>	59,001	98,714

- 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 COMPREHENSIVE INCOME

	Group		
	1Q 2014 \$'000	1Q 2013 \$'000	+/( %)
Profit for the period, net of tax	10,486	12,196	(14)
Other comprehensive income:			
Foreign currency translation	(2,393)	1,731	(238)
Other comprehensive income for the period, net of tax	(2,393)	1,731	(238)
Total comprehensive income for the period	8,093	13,927	(42)
Total comprehensive income attributable to:			
Equity holders of the Company	7,653	11,227	(32)
Non-controlling interests	440	2,700	(84)
	8,093	13,927	(42)

STATEMENTS OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve *	Foreign currency translation reserve	Accumulated Profits	Other reserves	Total reserves		
	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000		
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	-	-	-	(2,084)	9,737	-	7,653	440	8,093
Acquisition of subsidiary	-	-	-	-	-	-	-	7,410	7,410
Cost of share-based payment (share options)	-	-	-	-	-	86	86	-	86
Issue of shares under share option plan	1,257	-	-	-	-	(183)	(183)	-	1,074
<b>Balance at 31 March 2014</b>	<b>91,887</b>	<b>-</b>	<b>3,000</b>	<b>(6,661)</b>	<b>263,839</b>	<b>(69,980)</b>	<b>190,198</b>	<b>27,757</b>	<b>309,842</b>
Balance at 1 January 2013	88,323	(1,054)	3,000	(4,526)	231,867	1,240	231,581	40,798	359,648
Total comprehensive income for the period	-	-	-	930	10,297	-	11,227	2,700	13,927
Cost of share-based payment (share options)	-	-	-	-	-	55	55	-	55
Issue of shares under share option plan	1,068	-	-	-	-	(155)	(155)	-	913
Reissuance of treasury shares	-	1,054	-	-	-	(146)	(146)	-	908
<b>Balance at 31 March 2013</b>	<b>89,391</b>	<b>-</b>	<b>3,000</b>	<b>(3,596)</b>	<b>242,164</b>	<b>994</b>	<b>242,562</b>	<b>43,498</b>	<b>375,451</b>
<b>Note</b>	* The capital reserve comprises the reserve fund, enterprise expansion fund and staff welfare fund transferred from retained earnings by a foreign subsidiary in compliance with statutory requirements.								

- 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
Balance at 1 January 2014	90,630	-	78,692	1,005	79,697	170,327
Total comprehensive income for the period	-	-	(9)	-	(9)	(9)
Cost of share-based payment (share options)	-	-	-	86	86	86
Issue of shares under share option plan	1,257	-	-	(183)	(183)	1,074
<b>Balance at 31 March 2014</b>	<b>91,887</b>	<b>-</b>	<b>78,683</b>	<b>908</b>	<b>79,591</b>	<b>171,478</b>
Balance at 1 January 2013	88,323	(1,054)	64,309	1,240	65,549	152,818
Total comprehensive income for the period	-	-	103	-	103	103
Cost of share-based payment (share options)	-	-	-	55	55	55
Issue of shares under share option plan	1,068	-	-	(155)	(155)	913
Reissuance of treasury shares	-	1,054	-	(146)	(146)	908
<b>Balance at 31 March 2013</b>	<b>89,391</b>	<b>-</b>	<b>64,412</b>	<b>994</b>	<b>65,406</b>	<b>154,797</b>

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 war shares or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

	1Q 2014 ended 31 Mar 2014	4Q 2013 ended 31 Dec 2013
Issued and fully paid ordinary shares :		
As at beginning of period	559,717,160	559,330,160
Issued during the period	1,875,500	387,000
As at end of period	561,592,660	559,717,160

During the quarter ended 31 March 2014, the Company issued 1,875,500 new shares to employees for share options exercised pursuant to the Pan-United Share Option Scheme.

	As at 31 Mar 2014	As at 31 Dec 2013
The number of shares that may be issued on exercise of share options outstanding at the end of the period	4,559,500	6,435,000

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 2014	As at 31 Dec 2013
Total number of issued shares excluding treasury shares	561,592,660	59,717,160

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 financial period ended 31 March 2014.

2 Whether the figures have been audited or reviewed, and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard).

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 auditors' report (including any qualification 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 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 2013, 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 2014. The adoption of these new/revised FRS does not have any material impact to the Group 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 preference dividends.

Earnings per ordinary share for the period based on equity holders of the company	Quarter ended 31 March		
	2014	2013	Change
Based on weighted average number of ordinary shares in issue (in cents)	1.7	1.8	-6%
On a fully diluted basis (in cents)	1.7	1.8	-6%

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 period reported on (b) immediately preceding financial year.

	Group	Company
Net asset value per ordinary share based on issued share capital at 31 March 2014 (in cents)	50.2	30.5
Net asset value per ordinary share based on issued share capital at 31 December 2013 (in cents)	48.8	30.4

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

**Review of 1Q 2014 Performance**

Group revenue increased by 7% year-on-year (yoy), from all divisions. The higher Basic Building Resources (BBR) revenue was due to firmer average selling prices on higher raw material costs, while revenue at the Port grew by 7% yoy due to a 6% increase in cargo volume handled. Higher trading activities in Shipping also added to the increase in Group revenue.

Despite the higher revenue, net attributable profit after tax to shareholders was 5% lower yoy, due mainly to the increase in raw material costs. The BBR division, which has a quarry in Indonesia, was impacted by the temporary disruption of granite supply from Indonesia during the quarter. In addition, it had to incur higher raw material costs from replacement purchases from both Government strategic stockpile and distant sourcing from external suppliers.

The Group's subsidiary, Changshu Xinghua Port Co., Ltd (CXP), completed the acquisition of 90% equity interest in Changshu Changjiang International Port Co., Ltd (CCIP) on 24 March 2014. Accordingly, CCIP's balance sheet was included in the consolidated Statement of Financial Position as at 31 March 2014. However, the Group will include the results of CCIP from April 2014.

Finance costs rose due to the higher level of borrowings for the increased stake in CXP and the acquisition of CCIP.

- 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 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 Building and Construction Authority of Singapore has projected a construction output of \$34-36 billion in 2014, up from 2013's preliminary estimate of \$33 billion. The industry is still adjusting to achieve higher productivity to address the tighter labour supply and shorter work hours. Consequently, demand for cement and ready mixed concrete for construction projects will be consumed over a longer period, resulting in lower demand growth and higher cost for the industry.

As announced previously, CCIP, being a new port, recorded a loss of about Rmb 24.3 million (\$5.1 million) for the first nine months of FY2013. The Group plans to reduce CCIP's losses by at least half in FY2014. Overall, the Port division is expected to remain profitable this year.

The Shipping division will continue to focus on improving vessel utilisation and trading activities.

**11 Dividend**

**(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 2014.

- 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. There was no interested person transaction as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the period ended 31 March 2014.

**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 31 March 2014 to be false or misleading.

BY ORDER OF THE BOARD

N. Shoba  
Company Secretary  
14 May 2014