



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2014

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 2014 \$'000	3Q 2013 \$'000	+ / (-) %	YTD 2014 \$'000	YTD 2013 \$'000	+ / (-) %
Revenue	195,708	184,114	6	562,139	541,135	4
Other income	843	885	(5)	2,742	2,785	-
Raw materials, subcontract cost and other direct costs	(151,226)	(139,608)	8	(433,532)	(412,141)	5
Staff Costs	(9,528)	(8,715)	9	(27,403)	(25,301)	8
Depreciation expenses	(6,265)	(4,812)	30	(17,185)	(15,014)	14
Other expenses	(14,078)	(13,086)	8	(39,543)	(40,211)	(2)
Finance Costs	(3,729)	(1,594)	134	(9,255)	(4,057)	128
	11,725	17,184		37,963	47,196	(20)
Share of results of associates	448	513	(13)	1,289	1,354	(5)
Profit before income tax	12,173	17,697	(31)	39,252	48,550	(19)
Income tax	(2,816)	(3,054)	(8)	(8,071)	(9,713)	(17)
Profit for the period, net of tax	9,357	14,643	(36)	31,181	38,837	(20)
Profit attributable to:						
Equity holders of the Company	8,436	12,296	(31)	28,766	32,616	(12)
Non-controlling interests	921	2,347	(61)	2,415	6,221	(61)
	9,357	14,643	(36)	31,181	38,837	(20)

A. Profit before income tax is arrived at after crediting/ (charging) the following:	3Q 2014 \$'000	3Q 2013 \$'000	+ / (-) %	YTD 2014 \$'000	YTD 2013 \$'000	+ / (-) %
Interest income	113	142	(20)	271	365	(26)
Interest expense	(3,674)	(1,189)	209	(9,106)	(3,562)	156
Dividend income from investments	152	332	(54)	582	1,168	(50)
Provision for doubtful debts on trade receivables	(1)	(7)	nm	(8)	(2,141)	nm
Foreign exchange (loss)/gain	(317)	163	nm	(671)	423	(259)
Fair value changes on held-for-trading investments	-	18	nm	-	(57)	nm
Write-back for impairment in value of other investments	-	-	nm	-	164	nm
Fair value changes on derivatives	334	-	nm	214	-	nm
Provision for impairment in property, plant and equipment	(255)	-	nm	(255)	-	nm
Write-down of inventories	(4)	-	nm	(604)	-	nm
(Loss)/gain on disposal of property, plant and equipment	(35)	12	(392)	(30)	38	(179)
Write-off of property, plant and equipment	(144)	(9)	nm	(144)	(9)	nm

CONSOLIDAED STATEMENT OF COMPREHENSIVE INCOME						
	3Q 2014 \$'000	3Q 2013 \$'000	+/(-) %	YTD 2014 \$'000	YTD 2013 \$'000	+/(-) %
Profit for the period, net of tax	9,357	14,643	(36)	31,181	24,194	29
Other comprehensive income:						
Foreign currency translation	3,020	(3,105)	nm	(1,169)	4,194	nm
Hedging reserve	(997)	-	nm	(997)	-	nm
Other comprehensive income for the period, net of tax	2,023	(3,105)	165	(2,166)	4,194	(152)
Total comprehensive income for the period	11,380	11,538	(1)	29,015	28,388	2
Total comprehensive income attributable to:						
Equity holders of the Company	9,824	8,929	10	26,599	22,522	18
Non-controlling interests	1,556	2,609	(40)	2,416	5,866	(59)
	11,380	11,538	(1)	29,015	28,388	2

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-14	31-Dec-13	30-Sep-14	31-Dec-13
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Vessels, property, plant and equipment	443,727	291,391	337	233
Subsidiaries	-	-	195,957	194,774
Associates	4,101	5,096	-	-
Other investments	1,882	2,341	-	11
Other receivables	95	169	-	-
Goodwill	24,295	2,345	-	-
Deferred tax assets	311	194	-	-
	474,411	301,536	196,294	195,018
Current assets				
Cash and short-term deposits	68,360	79,183	26,787	27,509
Trade and other receivables	168,221	157,502	1,753	2,440
Prepayments	3,227	2,980	177	357
Work-in-progress	1,016	470	-	-
Inventories	28,281	24,364	-	-
	269,105	264,499	28,717	30,306
Current liabilities				
Bank loans	24,225	45,953	-	7,000
Payables and accruals	137,197	120,898	1,901	2,715
Deferred income	9,210	3,706	-	-
Provisions	788	1,023	-	-
Income tax payable	6,976	8,106	28	68
	178,396	179,686	1,929	9,783
Net current assets	90,709	84,813	26,788	20,523
Non-current liabilities				
Bank loans	245,707	81,575	75,000	45,000
Deferred tax liabilities	6,707	6,529	-	-
Deferred income	1,440	1,454	-	-
Other liabilities	548	548	-	-
Provisions	3,050	2,850	-	-
Derivatives	997	214	997	214
	258,449	93,170	75,997	45,214
Net assets	306,671	293,179	147,085	170,327
Equity attributable to equity holders of the Company				
Share capital	92,052	90,630	92,052	90,630
Reserves	185,414	182,642	55,033	79,697
	277,466	273,272	147,085	170,327
Non-controlling interests	29,205	19,907	-	-
Total equity	306,671	293,179	147,085	170,327

Explanatory Notes to Balance Sheets

The Group's subsidiary, Changshu Xinghua Port Co., Ltd (CXP), completed the acquisition of 90% equity interests 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 consolidated, which resulted mainly in an increase in vessels, property, plant and equipment, provisional goodwill of \$22.0 million and non-current bank loans.

The increase in total bank loans was due mainly to new bank loans being drawn down for working capital and to finance the acquisition of CCIP, as well as the consolidation of the existing bank loans in the books of CCIP upon acquisition.

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 2014		As at 31 Dec 2013	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	18,636	5,589	1,333	44,620
Amount repayable after one year	126,616	119,091	-	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.**

CONSOLIDATED CASH FLOW STATEMENTS	3Q 2014	3Q 2013	YTD 2014	YTD 2013
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities				
Profit before income tax	12,173	17,697	39,252	48,550
Adjustments for				
Depreciation expenses	6,265	4,812	17,185	15,014
Dividend income from other investments	(152)	(332)	(582)	(1,168)
Interest expense, net	3,561	1,047	8,835	3,197
Loss on disposal of other investments	-	-	1	-
Loss/(gain) on disposal of property, plant and equipment	35	(12)	30	(38)
Loss on write-off of property, plant and equipment	144	9	144	9
Write-down of inventories	4	-	604	-
Provision for impairment in property, plant and equipment	255	-	255	-
Write-back for impairment in value of other investments	-	-	-	(164)
Fair value changes on held-for-trading investments	-	(18)	-	57
Fair value changes on derivatives	(334)	-	(214)	-
Share-based payment expenses	85	54	256	162
Share of results of associates	(448)	(513)	(1,289)	(1,354)
Foreign exchange differences	(855)	(974)	(875)	(1,385)
Operating cash flows before working capital changes	20,733	21,770	63,602	62,880
(Increase) Decrease in:				
Trade and other receivables	(8,980)	6,469	(6,090)	(13,448)
Prepayment	415	514	(107)	(594)
Inventories and work-in-progress	(9,413)	(10,219)	(5,038)	(5,614)
Increase (Decrease) in				
Trade payables and accruals	11,779	7,880	(11,969)	7,871
Deferred income	5,851	5,742	5,490	2,674
Cash flow generated from operating activities	20,385	32,156	45,888	53,769
Interest paid	(3,674)	(1,189)	(9,106)	(3,562)
Income tax paid	(3,494)	(5,701)	(9,140)	(13,012)
Interest received	113	142	271	365
Net cash flows generated from operating activities	13,330	25,408	27,913	37,560
Cash flow from investing activities				
Acquisition of property, plant and equipment	(6,078)	(6,834)	(24,597)	(23,099)
Acquisition of non-controlling interest	-	(100,980)	-	(100,980)
Investments	-	-	-	(312)
Net cash outflow on acquisition of a subsidiary	-	-	(47,364)	-
Capital refund from other investments	-	-	-	164
Capital reduction from associated company	-	481	-	481
Proceeds from disposal of property, plant and equipment	67	133	87	265
Proceeds from disposal of other investments	-	-	460	14,780
Dividend income from associated companies	1,100	513	2,194	1,973
Dividend income from other investments	152	332	582	1,168
Net cash flows used in investing activities	(4,759)	(106,355)	(68,638)	(105,560)
Cash flows from financing activities				
(Repayment)/proceeds of bank borrowings, net	(29,869)	62,000	53,145	61,394
Proceeds from issuance of share capital	-	-	1,216	1,752
Proceeds from reissuance of treasury shares	-	-	-	908
Dividends paid to shareholders	(8,427)	(8,390)	(23,877)	(22,364)
Dividends paid to non-controlling interests	-	(300)	(528)	(764)
Net cash (used in)/from financing activities	(38,296)	53,310	29,956	40,926
Net decrease in cash and cash equivalents	(29,725)	(27,637)	(10,769)	(27,074)
Cash and cash equivalents as at beginning of period	96,811	91,507	79,183	90,361
Effects of exchange rate changes on opening cash equivalents	1,274	(139)	(54)	444
Cash and cash equivalents as at end of period	68,360	63,731	68,360	63,731

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								Non-controlling interests	Total Equity
GROUP	Attributable to equity holders of the Company								
	Share capital	Treasury shares	Capital reserve	currency translation	Accumulated profits	Other reserves	Total reserves		
	\$'000	\$'000	\$'000	\$'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	-	-	-	(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
Issue 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
Hedging reserve	-	-	-	-	-	(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
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	-	-	-	2,202	20,320	-	22,522	5,866	28,388
Cost of share-based payment (share options)	-	-	-	-	-	108	108	-	108
Issue of shares under share option plan	2,051	-	-	-	-	(299)	(299)	-	1,752
Reissuance of treasury shares	-	1,054	-	-	-	(146)	(146)	-	908
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(464)	(464)
Dividends on ordinary shares	-	-	-	-	(13,974)	-	(13,974)	-	(13,974)
Balance at 30 June 2013	90,374	-	3,000	(2,324)	238,213	903	239,792	46,200	376,366
Total comprehensive income for the period	-	-	-	(3,367)	12,296	-	8,929	2,609	11,538
Premium paid on acquisition of non-controlling interest	-	-	-	-	-	(70,888)	(70,888)	-	(70,888)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(30,092)	(30,092)
Cost of share-based payment (share options)	-	-	-	-	-	54	54	-	54
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(300)	(300)
Dividends on ordinary shares	-	-	-	-	(8,390)	-	(8,390)	-	(8,390)
Balance at 30 September 2013	90,374	-	3,000	(5,691)	242,119	(69,931)	169,497	18,417	278,288

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	Tresury	Accumulated	Other	Total reserves	Total Equity
	\$'000	\$'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	-	-	(215)	-	(215)	(215)
Cost of share-based payment (share options)	-	-	-	171	171	171
Issue 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
Hedging reserve	-	-	-	(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
Balance at 1 January 2013	88,323	(1,054)	64,309	1,240	65,549	152,818
Total comprehensive income for the period	-	-	942	-	942	942
Cost of share-based payment (share options)	-	-	-	108	108	108
Issue of shares under share option plan	2,051	-	-	(299)	(299)	1,752
Reissuance of treasury shares	-	1,054	-	(146)	(146)	908
Dividends on ordinary shares	-	-	(13,974)	-	(13,974)	(13,974)
Balance at 30 June 2013	90,374	-	51,277	903	52,180	142,554
Total comprehensive income for the period	-	-	11,485	-	11,485	11,485
Cost of share-based payment (share options)	-	-	-	54	54	54
Dividends on ordinary shares	-	-	(8,390)	-	(8,390)	(8,390)
Balance at 30 September 2013	90,374	-	54,372	957	55,329	145,703

- 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 2014 ended 30 Sep 2014	3Q 2013 ended 30 Sep 2013
Issued and fully paid ordinary shares:		
As at beginning of period	561,818,660	559,330,160
Add: Issued during the period	-	-
As at end of period	561,818,660	559,330,160

There were no new shares issued during the quarter ended 30 September 2014.

	As at 30 Sep 2014	As at 30 Sep 2013
The number of shares that may be issued on exercise of share options outstanding at the end of the period	4,333,500	4,436,000

- 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 30 Sep 2014	As at 31 Dec 2013
Total number of issued shares	561,818,660	557,959,160
Treasury shares	Nil	Nil

- 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 30 September 2014.

- 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 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 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		
	2014	2013	Change	2014	2013	Change
Based on weighted average number of ordinary shares in issue (in cents)	1.5	2.2	-32%	5.1	5.8	-12%
On a fully diluted basis (in cents)	1.5	2.2	-32%	5.1	5.8	-12%

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 30 September 2014 (In cents)	49.4	26.2
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. 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 2014 Performance

The Group consolidated the results of Changshu Changjiang International Port Co., Ltd (CCIP) from 1 April 2014, following the completion of the acquisition of an effective 77% interest in CCIP on 24 March 2014.

The Group's revenue rose 4% year-on-year (yoy) to \$562.1 million, driven primarily by higher trading activities in the Shipping division and improved throughput in the Port division. Total cargoes handled at Changshu Xinghua Port Co., Ltd (CXP) and CCIP rose 17% yoy due to higher finished steel products, equipment and pulp throughput. Revenue for the Basic Building Resources (BBR) division held steady on comparable volumes of ready-mixed concrete (RMC) and cementitious products sold.

The earnings before interest, tax and depreciation was 2% lower yoy. The improved contribution from the Port division helped to cushion the impact of higher staff costs and other overhead expenses, as well as the ramp up of the production capacity at our Indonesian quarry.

With the increased stake in CXP and acquisition of CCIP in the period, and the production expansion in our Indonesian quarry, interest costs and depreciation expenses have risen accordingly. This resulted in a 12% decline in the Group's 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.**

Singapore's ready-mixed concrete demand is likely to remain flat and face lower selling prices as compared to the previous year. However, the demand for cement and granite aggregates is expected to increase due to upcoming basic infrastructure projects in Singapore.

The Group is benefitting from the operational synergies of the Port's newly expanded capacity. Overall, the Port division is expected to remain profitable this year.

The Shipping division will continue to focus on improving vessel utilization by stepping up the level of trading activity.

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/recommendedd, a statement to that effect.

No dividend has been declared for the quarter ended 30 September 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 30 September 2014.

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 2014 to be false or misleading.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
11 November 2014