



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 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						
	2Q 2015	2Q 2014	+ / (-)	1H 2015	1H 2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	207,766	188,453	10	414,677	366,431	13
Other income	1,323	991	34	2,520	1,899	33
Raw materials, subcontract cost and other direct costs	(164,546)	(143,541)	15	(330,684)	(282,306)	17
Staff costs	(9,979)	(8,761)	14	(19,573)	(17,875)	9
Depreciation expenses	(6,868)	(5,755)	19	(13,668)	(10,920)	25
Other expenses	(13,530)	(13,468)	0	(29,007)	(25,465)	14
Finance costs	(3,824)	(3,743)	2	(7,744)	(5,526)	40
	<u>10,342</u>	<u>14,176</u>		<u>16,521</u>	<u>26,238</u>	(37)
Share of results of associates	407	345	18	1,022	841	22
Profit before income tax	<u>10,749</u>	<u>14,521</u>	(26)	<u>17,543</u>	<u>27,079</u>	(35)
Income tax	(2,834)	(3,183)	mn	(3,642)	(5,255)	(31)
Profit for the period, net of tax	<u>7,915</u>	<u>11,338</u>	(30)	<u>13,901</u>	<u>21,824</u>	(36)
Profit attributable to:						
Equity holders of the Company	6,801	10,593	(36)	11,825	20,330	(42)
Non-controlling interests	1,114	745	50	2,076	1,494	39
	<u>7,915</u>	<u>11,338</u>	(30)	<u>13,901</u>	<u>21,824</u>	(36)

Profit before income tax is arrived at after crediting/ (charging) the following:	2Q 2015	2Q 2014	+ / (-)	1H 2015	1H 2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	53	112	(53)	108	158	(32)
Interest expense	(3,790)	(3,703)	2	(7,641)	(5,432)	41
Dividend income from investments	320	200	60	542	430	26
Bad debts written off	-	-	nm	(48)	-	nm
Impairment loss on trade receivables	(17)	(7)	nm	(17)	(7)	nm
Foreign exchange loss	(76)	(237)	(68)	(119)	(354)	(66)
Fair value changes of derivatives	-	-	nm	-	(120)	nm
Provision for impairment on property, plant and equipment	-	(600)	nm	-	(600)	nm
(Loss)/gain on disposal of property, plant and equipment	(24)	(5)	nm	(40)	5	nm
Write-off of property, plant and equipment	(62)	-	nm	(178)	-	nm

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
	2Q 2015	2Q 2014	+/(-) %	1H 2015	1H 2014	+/(-) %
	\$'000	\$'000		\$'000	\$'000	
Profit for the period, net of tax	7,915	11,338	(30)	13,901	21,824	(36)
Other comprehensive income:						
Foreign currency translation	(4,093)	(1,796)	128	60	(4,189)	101
Fair value changes of derivatives	(255)	-	nm	290	-	nm
Other comprehensive income for the period, net of tax	<u>(4,348)</u>	<u>(1,796)</u>	(142)	<u>350</u>	<u>(4,189)</u>	108
Total comprehensive income for the period	<u>3,567</u>	<u>9,542</u>	(63)	<u>14,251</u>	<u>17,635</u>	(19)
Total comprehensive income attributable to:						
Equity holders of the Company	3,107	9,122	(66)	11,833	16,775	(29)
Non-controlling interests	460	420	10	2,418	860	181
	<u>3,567</u>	<u>9,542</u>	(63)	<u>14,251</u>	<u>17,635</u>	(19)

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-Jun-15 \$'000	31-Dec-14 \$'000	30-Jun-15 \$'000	31-Dec-14 \$'000
Non-current assets				
Vessels, property, plant and equipment	454,632	449,398	298	322
Subsidiaries	-	-	202,509	206,220
Associates	5,233	5,254	-	-
Other investments	1,908	1,903	-	-
Other receivables	495	90	-	-
Goodwill	23,974	23,974	-	-
Deferred tax assets	1,289	1,218	-	-
	<u>487,531</u>	<u>481,837</u>	<u>202,807</u>	<u>206,542</u>
Current assets				
Cash and short-term deposits	30,818	53,888	11,581	20,362
Trade and other receivables	175,605	169,526	3,194	1,523
Prepayments	3,507	3,280	52	165
Work-in-progress	1,143	1,002	-	-
Inventories	25,499	33,011	-	-
	<u>236,572</u>	<u>260,707</u>	<u>14,827</u>	<u>22,050</u>
Current liabilities				
Bank loans	34,984	25,520	5,000	-
Payables and accruals	117,765	136,840	1,100	1,754
Deferred income	3,301	3,937	-	-
Provisions	1,151	1,272	-	-
Income tax payable	5,305	5,792	-	12
	<u>162,506</u>	<u>173,361</u>	<u>6,100</u>	<u>1,766</u>
Net current assets	<u>74,066</u>	<u>87,346</u>	<u>8,727</u>	<u>20,284</u>
Non-current liabilities				
Bank loans	236,163	242,495	75,000	75,000
Deferred tax liabilities	8,308	7,983	-	-
Deferred income	1,314	1,299	-	-
Other liabilities	563	564	-	-
Provisions	3,850	3,550	-	-
Derivatives	351	641	351	641
	<u>250,549</u>	<u>256,532</u>	<u>75,351</u>	<u>75,641</u>
Net assets	<u>311,048</u>	<u>312,651</u>	<u>136,183</u>	<u>151,185</u>
Equity attributable to equity holders of the Company				
Share capital	92,052	92,052	92,052	92,052
Treasury shares	(1,810)	(1,860)	(1,810)	(1,860)
Reserves	188,202	191,624	45,941	60,993
	<u>278,444</u>	<u>281,816</u>	<u>136,183</u>	<u>151,185</u>
Non-controlling interests	32,604	30,835	-	-
Total equity	<u>311,048</u>	<u>312,651</u>	<u>136,183</u>	<u>151,185</u>

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 and Port Division 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 FY 2014 final dividends in May 2015.

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 Jun 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	17,870	17,114	19,769	5,751
Amount repayable after one year	157,691	78,472	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	2Q 2015	2Q 2014	1H 2015	1H 2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit before income tax	10,749	14,521	17,543	27,079
Adjustments for				
Depreciation expenses	6,868	5,755	13,668	10,920
Dividend income from other investments	(320)	(200)	(542)	(430)
Interest expense, net	3,737	3,591	7,533	5,274
Loss on disposal of other investments	-	-	-	1
Loss/(gain) on disposal of property, plant and equipment	24	5	40	(5)
Provision for impairment on property, plant and equipment	-	600	-	600
Write-off of property, plant and equipment	62	-	178	-
Fair value changes of derivatives	-	-	-	120
Share-based payment expenses	75	85	150	171
Share of results of associates	(407)	(345)	(1,022)	(841)
Foreign exchange differences	(52)	406	(939)	(20)
Operating cash flows before working capital changes	20,736	24,418	36,609	42,869
(Increase) Decrease in:				
Trade and other receivables	(6,073)	27	(6,484)	2,890
Prepayments	537	150	(227)	(522)
Inventories and work-in-progress	7,828	5,992	7,371	4,375
Increase (Decrease) in				
Payables, accruals and provisions	(10,992)	(4,766)	(19,196)	(23,748)
Deferred income	(694)	(559)	(621)	(361)
Cash flow generated from operating activities	11,342	25,262	17,452	25,503
Interest paid	(3,790)	(3,703)	(7,641)	(5,432)
Income tax paid	(2,995)	(4,928)	(3,875)	(5,646)
Interest received	53	112	108	158
Net cash flows generated from operating activities	4,610	16,743	6,044	14,583
Cash flows from investing activities				
Acquisition of vessels, property, plant and equipment	(8,473)	(12,386)	(14,761)	(18,519)
Net cash outflow on acquisition of a subsidiary	-	-	-	(47,364)
Proceeds from disposal of property, plant and equipment	88	7	88	20
Proceeds from disposal of other investments	-	-	-	460
Dividend income from associated companies	1,144	1,094	1,144	1,094
Dividend income from other investments	320	200	542	430
Net cash flows used in investing activities	(6,921)	(11,085)	(12,987)	(63,879)
Cash flows from financing activities				
Proceeds/(repayment) from bank borrowings, net	1,512	48,608	(419)	83,014
Proceeds from issuance of share capital	-	142	-	1,216
Proceeds from reissuance of treasury shares	36	-	36	-
Dividends paid to shareholders	(15,391)	(15,450)	(15,391)	(15,450)
Dividends paid to non-controlling interests	(649)	(528)	(649)	(528)
Net cash (used in)/from financing activities	(14,492)	32,772	(16,423)	68,252
Net (decrease)/increase in cash and cash equivalents	(16,803)	38,430	(23,366)	18,956
Cash and cash equivalents as at beginning of period	48,197	63,731	53,888	79,183
Effects of exchange rate changes on opening cash	(576)	(620)	296	(1,328)
Cash and cash equivalents as at end of period	30,818	101,541	30,818	96,811

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 currency translation	Accumulated profits	Other reserves	Total reserves		
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	-	-	-	3,157	5,024	-	8,181	1,958	10,139
Cost of share-based payment (share options)	-	-	-	-	-	75	75	-	75
Fair value changes of derivatives	-	-	-	-	-	545	545	-	545
Balance at 31 March 2015	92,052	(1,860)	3,000	(284)	267,652	(69,943)	200,425	32,793	323,410
Total comprehensive income for the period	-	-	-	(3,439)	6,801	-	3,362	460	3,822
Cost of share-based payment (share options)	-	-	-	-	-	75	75	-	75
Reissuance of treasury shares	-	50	-	-	-	(14)	(14)	-	36
Fair value changes of derivatives	-	-	-	-	-	(255)	(255)	-	(255)
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
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
Issuance of shares under share option plan	1,257	-	-	-	-	(183)	(183)	-	1,074
Balance at 31 March 2014	91,887	-	3,000	(6,661)	263,839	(69,980)	190,198	27,757	309,842
Total comprehensive income for the period	-	-	-	(1,471)	10,593	-	9,122	420	9,542
Cost of share-based payment (share options)	-	-	-	-	-	85	85	-	85
Issuance of shares under share option plan	165	-	-	-	-	(23)	(23)	-	142
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

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	-	-	415	-	415	415
Cost of share-based payment (share options)	-	-	-	75	75	75
Fair value changes of derivatives	-	-	-	545	545	545
Balance at 31 March 2015	92,052	(1,860)	61,083	945	62,028	152,220
Total comprehensive income for the period	-	-	(502)	-	(502)	(502)
Cost of share-based payment (share options)	-	-	-	75	75	75
Reissuance of treasury shares	-	50	-	(14)	(14)	36
Fair value changes of derivatives	-	-	-	(255)	(255)	(255)
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
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
Issuance of shares under share option plan	1,257	-	-	(183)	(183)	1,074
Balance at 31 March 2014	91,887	-	78,683	908	79,591	171,478
Total comprehensive income for the period	-	-	(206)	-	(206)	(206)
Cost of share-based payment (share options)	-	-	-	85	85	85
Issuance of shares under share option plan	165	-	-	(23)	(23)	142
Dividends on ordinary shares	-	-	(15,450)	-	(15,450)	(15,450)
Balance at 30 June 2014	92,052	-	63,027	970	63,997	156,049

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.

	2Q 2015 ended 30 Jun 2015	2Q 2014 ended 30 Jun 2014
Issued share capital		
Issued and fully paid ordinary shares:		
As at beginning of period	561,818,660	561,592,660
Add: Shares issued during the period - exercise of share options	-	226,000
As at end of period	561,818,660	561,818,660
Treasury shares		
As at beginning of period	2,159,000	-
Transfer of treasury shares to employees to fulfill obligations under the Pan-United Share Option Scheme	(58,000)	-
As at end of period	2,101,000	-
Total number of issued shares excluding treasury shares	559,717,660	561,818,660

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

	As at 30-Jun-15	As at 30-Jun-14
The number of shares that may be issued on exercise of share options outstanding at the end of the period	6,055,500	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-Jun-15	As at 31-Dec-14
Total number of issued shares	561,818,660	561,818,660
Treasury shares	2,101,000	2,159,000
Total number of issued shares excluding treasury shares	559,717,660	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 June 2015, 58,000 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 Jun			Half year ended 30 Jun		
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>2015</u>	<u>2014</u>	<u>Change</u>
Based on weighted average number of ordinary shares in issue (in cents)	1.2	1.9	-37%	2.1	3.6	-42%
On a fully diluted basis (in cents)	1.2	1.9	-37%	2.1	3.6	-42%

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 June 2015 (In cents)	49.7	24.3
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 1H 2015 Performance

The Group's revenue rose 13% year-on-year (yoy) to \$415.0 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.

Although RMC demand in Singapore grew well above 10% in 1H 2015, RMC selling prices remained highly competitive.

The Port division saw improved earnings on the back of strong cargo throughput, largely from steel, logs, pulp & paper and equipment cargoes. The addition of Changshu Changjiang International Port Co., Ltd (CCIP), since 2Q 2014, also contributed to the growth of our Xinghua Port Group.

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 the Group's higher interest expenses in 1H 2015.

Overall, the Group reported a 42% 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.**

The Building and Construction Authority of Singapore has forecast RMC demand in the local market at 14.0 – 16.0 million m³ this year (2014: 15.0 million m³), based on its expected construction output of \$35.0 – \$37.0 billion. RMC and cement selling prices are expected to remain highly competitive.

The Port division enjoyed healthy cargo volume in the first half year but we are cautious of the potential impact from the slower economic growth in China.

The intra-regional shipping demand is expected to remain weak.

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? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend rate	S\$0.015 per ordinary share (One-tier tax exempt)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend rate	S\$0.015 per ordinary share (One-tier tax exempt)

(c) Date payable:

The dividend will be payable on 18 September 2015.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 September 2015 at 5.00 p.m. for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 by 5.00 p.m. on 10 September 2015 will be registered before entitlements to dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 September 2015 will be entitled to the dividend.

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 June 2015 to be false or misleading.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
12 August 2015