

**PAN-UNITED CORPORATION LTD**

(Company Reg No: 199106524G)

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**HALF-YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2020**


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**PART I – INFORMATION REQUIRED FOR 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.**

<b>CONSOLIDATED INCOME STATEMENT</b>			
	<b>1H 2020</b>	<b>1H 2019</b>	<b>+ / (-)</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Revenue</b>	190,374	406,805	(53)
Other income	5,344	1,886	183
Raw materials, subcontract cost and other direct costs	(154,372)	(343,468)	(55)
Staff costs	(13,920)	(20,946)	(34)
Depreciation and amortisation expenses	(12,006)	(12,048)	(0)
Other expenses	(13,341)	(18,531)	(28)
Finance costs	(2,113)	(2,706)	(22)
	(34)	10,992	(100)
Share of results of associate	319	780	(59)
<b>Profit before income tax</b>	285	11,772	(98)
Income tax expense	(147)	(2,507)	(94)
<b>Profit for the period, net of tax</b>	138	9,265	(99)
<b>Attributable to:</b>			
Equity holders of the Company	277	9,131	(97)
Non-controlling interests	(139)	134	(204)
	138	9,265	(99)

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

<b>A. Profit before income tax is arrived at after crediting/(charging) the following:</b>	<b>1H 2020</b>	<b>1H 2019</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	
Interest income	119	199	(40)
Interest expense	(1,926)	(2,541)	(24)
Bad debts written-off	-	(2)	(100)
Impairment loss on trade receivables	(477)	(891)	(46)
Foreign exchange gain/(loss)	460	(346)	233
(Loss)/gain on disposal of property, plant and equipment	(2)	8	(125)
Write-off of property, plant and equipment	(166)	(103)	61

**B.** The decrease in interest expense is mainly due to the lower interest expense from bank loans as a result of repayment of bank loans.

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>			
	<b>1H 2020</b>	<b>1H 2019</b>	<b>+/(-) %</b>
	<b>\$'000</b>	<b>\$'000</b>	
<b>Profit for the period, net of tax</b>	138	9,265	(99)
<b>Other comprehensive income:</b>			
Foreign currency translation	333	(136)	345
Fair value changes of derivatives	1,392	(350)	498
<b>Other comprehensive income for the period, net of tax</b>	<u>1,725</u>	<u>(486)</u>	455
<b>Total comprehensive income for the period</b>	<u>1,863</u>	<u>8,779</u>	(79)
<b>Attributable to:</b>			
Equity holders of the Company	1,796	8,662	(79)
Non-controlling interests	67	117	(43)
<b>Total comprehensive income for the period</b>	<u>1,863</u>	<u>8,779</u>	(79)

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-20 \$'000	31-Dec-19 \$'000	30-Jun-20 \$'000	31-Dec-19 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	181,411	189,603	179	201
Intangible assets	5,474	5,659	370	370
Subsidiaries	-	-	92,552	92,552
Associate	3,707	3,388	-	-
Other investments	155	155	152	152
Trade and other receivables	166	168	-	-
Deferred tax assets	882	871	-	-
	<u>191,795</u>	<u>199,844</u>	<u>93,253</u>	<u>93,275</u>
<b>Current assets</b>				
Inventories	35,624	22,364	-	-
Prepayments	1,971	1,958	26	80
Trade and other receivables	52,117	159,686	9,682	28,466
Derivatives	1,030	-	1,030	-
Other assets	10,741	8,605	-	-
Cash and short-term deposits	92,896	49,646	73,574	28,388
	<u>194,379</u>	<u>242,259</u>	<u>84,312</u>	<u>56,934</u>
<b>Current liabilities</b>				
Loans and borrowings	50,444	57,829	-	-
Lease liabilities	6,694	6,621	-	-
Payables and accruals	45,549	83,710	39,315	14,284
Deferred income	1,212	324	-	-
Provisions	1,376	1,441	-	-
Income tax payable	1,447	6,095	113	114
Derivatives	-	362	-	362
	<u>106,722</u>	<u>156,382</u>	<u>39,428</u>	<u>14,760</u>
<b>Net current assets</b>	<u>87,657</u>	<u>85,877</u>	<u>44,884</u>	<u>42,174</u>
<b>Non-current liabilities</b>				
Loans and borrowings	43,134	49,064	19,907	19,867
Lease liabilities	13,058	15,624	-	-
Deferred tax liabilities	6,784	6,858	-	-
Provisions	3,797	3,598	-	-
	<u>66,773</u>	<u>75,144</u>	<u>19,907</u>	<u>19,867</u>
<b>Net assets</b>	<u>212,679</u>	<u>210,577</u>	<u>118,230</u>	<u>115,582</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	12,645	12,645	12,645	12,645
Treasury shares	(506)	(957)	(506)	(957)
Reserves	192,212	190,628	106,091	103,894
	<u>204,351</u>	<u>202,316</u>	<u>118,230</u>	<u>115,582</u>
Non-controlling interests	8,328	8,261	-	-
<b>Total equity</b>	<u>212,679</u>	<u>210,577</u>	<u>118,230</u>	<u>115,582</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 decrease in trade and other receivables is mainly due to the higher collection in 1H2020, coupled with the lower revenue as a result of the Covid-19 outbreak. Correspondingly, payables and accruals decrease as well, in line with the lower expenses incurred.

The Group made a net repayment of \$13.7 million in borrowings for 1H2020, resulting in lower loans and borrowings as at 30 June 2020.

As at 30 June 2020, the Group's net gearing reduced to 0.10 times as compared to 0.38 times as at 31 December 2019.

**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 June 2020		As of 31 December 2019	
	<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	21,864	35,274	24,611	39,839
Amount repayable after one year	26,408	29,784	29,969	34,719

**Details of any collateral**

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

Included in secured borrowings are lease liabilities which are secured over right-of-use assets.

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.

<b>CONSOLIDATED CASH FLOW STATEMENTS</b>	<b>1H 2020 \$'000</b>	<b>1H 2019 \$'000</b>
<b>Cash flows from operating activities</b>		
Profit before income tax from continuing operations	285	11,772
Adjustments for		
Depreciation expenses	11,761	11,897
Amortisation of intangible assets	245	151
Amortisation of upfront fees	65	65
Interest income	(119)	(199)
Interest expense	1,926	2,541
Net loss/(gain) on disposal of property, plant and equipment	2	(8)
Bad debts written off	-	2
Impairment loss on trade receivables	477	891
Reversal of provisions	(102)	(32)
Write-off of property, plant and equipment	166	103
Write-off of intangible assets	1	22
Share-based payment expenses	78	60
Share of results of associate	(319)	(780)
Foreign exchange differences	449	28
Operating cash flows before working capital changes	14,915	26,513
Decrease/(Increase) in		
Trade and other receivables	107,094	(7,166)
Prepayments	(369)	(953)
Inventories	(13,260)	(875)
Other assets	(2,136)	(1,831)
Increase/(Decrease) in		
Payables, accruals and provisions	(38,226)	3,902
Deferred income	888	(5,244)
Cash flows from operations	68,906	14,346
Interest paid	(1,926)	(2,541)
Income tax paid	(4,880)	(1,662)
Interest received	119	199
Net cash flows from operating activities	62,219	10,342
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(2,427)	(1,941)
Additions to intangible assets	(61)	-
Proceeds from disposal of property, plant and equipment	50	10
Dividend income from associate	-	218
Net cash flows used in investing activities	(2,438)	(1,713)
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	32,384	49,011
Repayment of bank borrowings	(46,059)	(54,570)
Repayment of lease liabilities	(3,599)	(3,324)
Proceeds from reissuance of treasury shares	161	-
Dividends paid to shareholders	-	(5,607)
Dividend paid to non-controlling interests	-	(497)
Net cash flows used in financing activities	(17,113)	(14,987)
<b>Net increase/(decrease) in cash and cash equivalents</b>	42,668	(6,358)
<b>Cash and cash equivalents as at beginning of period</b>	49,646	47,894
<b>Effects of exchange rate changes on opening cash and cash equivalents</b>	582	(193)
<b>Cash and cash equivalents as at end of period</b>	92,896	41,343

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	Foreign currency		Other reserves	Total reserves		
			translation reserve	Retained earnings				
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2020	12,645	(957)	(1,243)	153,932	37,939	190,628	8,261	210,577
Total comprehensive income for the period	-	-	127	277	1,392	1,796	67	1,863
Cost of share-based payment (share options)	-	-	-	-	78	78	-	78
Reissuance of treasury shares	-	451	-	-	(290)	(290)	-	161
<b>Balance at 30 June 2020</b>	<b>12,645</b>	<b>(506)</b>	<b>(1,116)</b>	<b>154,209</b>	<b>39,119</b>	<b>192,212</b>	<b>8,328</b>	<b>212,679</b>
Balance at 1 January 2019	12,645	(957)	(1,586)	142,479	38,959	179,852	6,784	198,324
Total comprehensive income for the period	-	-	(119)	9,131	(350)	8,662	117	8,779
Cost of share-based payment (share options)	-	-	-	-	60	60	-	60
Dividends on ordinary shares	-	-	-	(5,607)	-	(5,607)	-	(5,607)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(497)	(497)
<b>Balance at 30 June 2019</b>	<b>12,645</b>	<b>(957)</b>	<b>(1,705)</b>	<b>146,003</b>	<b>38,669</b>	<b>182,967</b>	<b>6,404</b>	<b>201,059</b>

(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)

<b>COMPANY</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Retained earnings</b>	<b>Other reserves</b>	<b>Total reserves</b>	<b>Total Equity</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2020	12,645	(957)	65,955	37,939	103,894	115,582
Total comprehensive income for the period	-	-	1,017	1,392	2,409	2,409
Cost of share-based payment (share options)	-	-	-	78	78	78
Reissuance of treasury shares	-	451	-	(290)	(290)	161
<b>Balance at 30 June 2020</b>	<b>12,645</b>	<b>(506)</b>	<b>66,972</b>	<b>39,119</b>	<b>106,091</b>	<b>118,230</b>
Balance at 1 January 2019	12,645	(957)	56,244	38,959	95,203	106,891
Total comprehensive income for the period	-	-	(354)	(350)	(704)	(704)
Cost of share-based payment (share options)	-	-	-	60	60	60
Dividends on ordinary shares	-	-	(5,607)	-	(5,607)	(5,607)
<b>Balance at 30 June 2019</b>	<b>12,645</b>	<b>(957)</b>	<b>50,283</b>	<b>38,669</b>	<b>88,952</b>	<b>100,640</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 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.

	1H 2020 ended 30 June 2020	1H 2019 ended 30 June 2019
<b>Issued share capital</b>		
Issued and fully paid ordinary shares: As at beginning and end of period	701,995,825	701,995,825
<b>Treasury shares</b>		
As at beginning of period	1,110,000	1,110,000
Less: Transfer of treasury shares to employees to fulfill obligations under the Pan-United Share Option Scheme	(522,500)	-
As at end of period	587,500	1,110,000
<b>Total number of issued shares excluding treasury shares</b>	<b>701,408,325</b>	<b>700,885,825</b>

There were no share buyback and no new shares issued during the period ended 30 June 2020.

	As at 30 June 2020	As at 30 June 2019
The number of shares that may be issued on exercise of share options outstanding at the end of the period	13,905,900	12,867,800

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 June 2020	As at 31 December 2019
Total number of issued shares	701,995,825	701,995,825
Treasury shares	587,500	1,110,000
Total number of issued shares excluding treasury shares	701,408,325	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.

During the period ended 30 June 2020, 522,500 treasury shares were transferred to employees pursuant to the Pan-United Share Option Scheme.

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 2019.

**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 Singapore Financial Reporting Framework (International) (SFRS(I)) that become effective for financial period beginning 1 January 2020. The adoption of these new/revised SFRS(I) 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.**

	Year to date ended 30 June		
	<u>2020</u>	<u>2019</u>	<u>Change</u>
Earnings per share from continuing operations attributable to equity holders of the Company			
Based on weighted average number of ordinary shares in issue (in cents)	0.04	1.30	-97%
On a fully diluted basis (in cents)	0.04	1.30	-97%

- 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 2020 (in cents)	29.1	16.9
Net asset value per ordinary share based on Issued share capital at 31 December 2019 (in cents)	28.9	16.5

- 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 2020 Performance**

In 1H2020, the Group reported a revenue of \$190.4 million, a 53% year-on-year (yoy) decrease, as a result of the suspension and delay of construction activities due to the Covid-19 pandemic and a lower revenue from the trading business.

The Group's Concrete and Cement (C&C) business saw a 38% yoy decrease in revenue to \$181.3 million.

Consequently, the Group's EBITDA decreased from \$25.4 million in 1H2019 to \$13.8 million in 1H2020.

In response to the Covid-19 pandemic, various government support were given to help firms to cope with the impact. Additionally, the Group incurred lower overheads of \$27.3 million for 1H2020, a 31% decrease yoy.

In 1H2020, the Group recorded a marginal net profit of \$0.3 million, as compared to \$9.1 million in 1H2019.

- 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.**

Since the lifting of the circuit breaker on 2 June 2020, the Building and Construction Authority (BCA) has allowed construction work to resume with the implementation of additional safe and restart measures. Our RMC business will be subjected to the timing and progress of the construction works being undertaken in Singapore.

In Malaysia, the government imposed a Movement Control Order in March 2020, only allowing certain types of construction projects to continue. Construction work has progressively resumed since May 2020, and Malaysia has moved into its "Recovery Movement Control Order" phase on 10 June 2020, whereby most of the economic sectors were reopened.

In Vietnam, construction activity initially slowed as a result of social isolation measures implemented. However, construction growth for the second quarter of 2020 remained relatively steady with a 4.6% yoy increase.

**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? Yes.

Name of dividend: Interim, paid  
Dividend type: Cash  
Dividend rate: S\$0.005 per ordinary share  
(One-tier tax exempt)

**(c) Date payable:**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

In view of the current challenging environment, the Board has decided to defer the dividend consideration to the full year. No interim dividend has been declared for the period ended 30 June 2020.

**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 period ended 30 June 2020 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

Kevin Cho  
Company Secretary  
30 July 2020