Pursuit of Excellence

PanUnited

Annual Report 2015

Corporate Profile

Trusted for consistently delivering peace of mind to customers for over 50 years, Pan-United Corporation Ltd (PanU or the Group) is a forward-looking Asian industrial conglomerate with an annual turnover exceeding $820.0 million and operations in five countries.

PanU thrives on innovation, operational excellence and long-termism – attributes that underpin the success of its three core business divisions, namely Basic Building Resources (BBR), Port and Shipping.

BBR: PanU is already one of the top three ready-mixed concrete (RMC) suppliers in Asia ex-China by market share and volume. It is the market leader for RMC and cement in Singapore, with an industry share of over 30%. PanU is renowned for high service levels and delivering consistent product quality. The complexity and speed of delivery are enabled by investments in research and development, information technology and the latest technologies. Its RMC and cement businesses are vertically integrated with significant quarry operations in Indonesia.

Port: In China, the Xinghua Port Group manages two adjacent river ports in Changshu, Jiangsu Province that are among the top ten river ports in China. The two ports have a combined annual handling capacity of 16.0 million tonnes and berth length of 2.8km. The ports have a strategic location as the gateway to the Yangtze River Delta hinterland and serve as the main distribution hubs for steel and forestry products in Eastern and Central China.

Shipping: The Group's shipping arm is a long-established name in regional shipping. Its fleet of tugboats and barges ply Southeast Asian waters, transporting cargoes such as gypsum, sand and aggregates. Its reputation for reliability and deep knowledge of the market has enabled it to remain competitive and provide synergistic support to the Group's other core businesses.

Contents

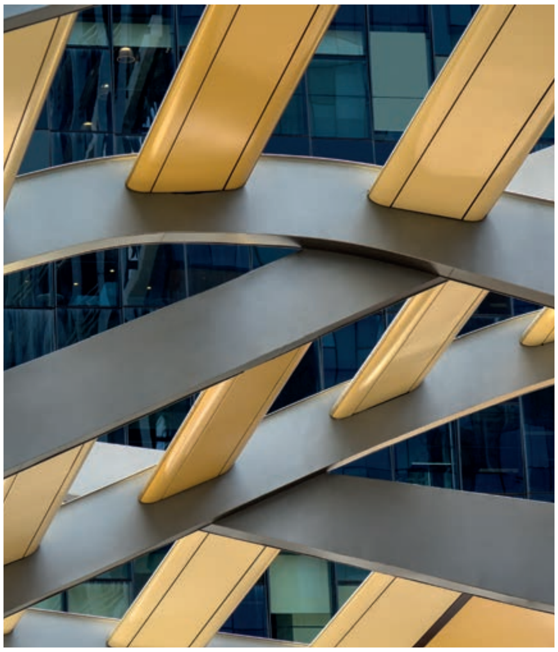
Cover image: The iconic curved canopy of The South Beach project. A key competitive advantage for PanU is its extensive range of bespoke concrete solutions for projects like The South Beach.

Pursuit of Excellence

Return on equity for 2015 **7.2%**

PanU's pursuit of excellence stems from the traditions upon which the Group has thrived since its founding over 50 years ago. Throughout our journey, we have sought to maintain the level of quality and service that our customers have come to expect of us, and for which we are renowned.

We have progressed from our humble roots as a small family-run business to a modern organisation where professionalism and dynamism are valued, and where all-round enthusiasm, initiative and a can-do spirit are lauded in the PanU family of employees.



Dividend yield for 2015 **7.0%**

Striving for excellence means the Group is never content to remain still. With each passing year, we aim to do better, to serve our customers better, and to optimise resources as we grow our businesses. This ethos will drive our growth and cement our status as one of Asia's premier industrial conglomerates, whilst maintaining the high performance standards as specialists in our fields.

Group Financial Summary

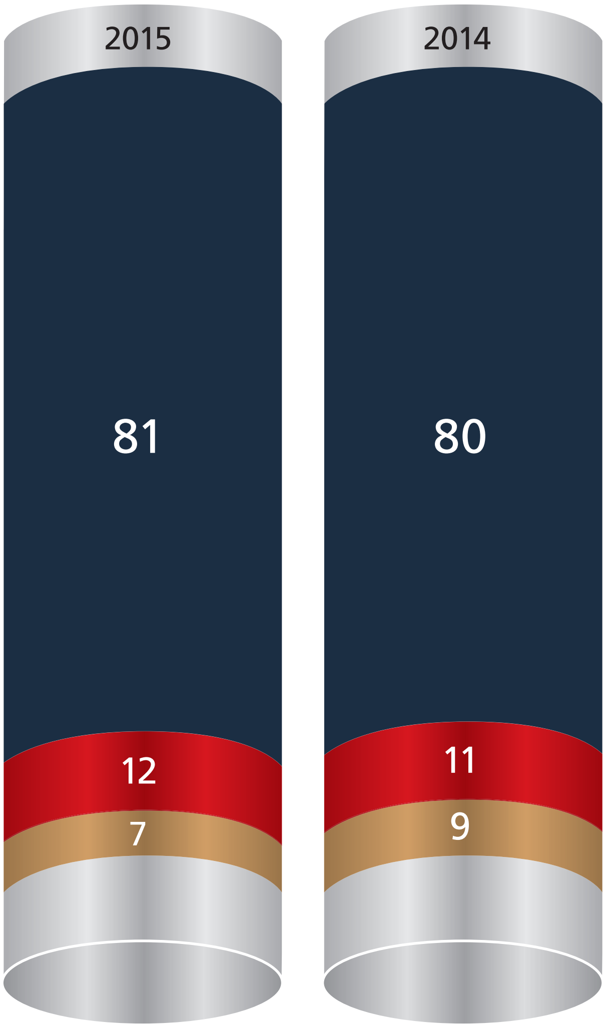
	2015 $'000	2014 $'000	Increase/ (decrease) %
For the year			
Revenue	**826,945**	763,197	8
Profit			
From operations	**44,743**	54,409	(18)
Before interest expense, income tax and non-controlling interests	**47,256**	56,539	(16)
Before income tax and non-controlling interests	**32,639**	43,523	(25)
After income tax and before non-controlling interests	**24,906**	35,796	(30)
After income tax and non-controlling interests	**20,311**	32,403	(37)
Interest expense	**14,617**	13,016	12
Interest cover (times)	**3.2**	4.3	(26)
Dividend, paid and proposed	**23,791**	23,819	–
Dividend cover (times)	**0.9**	1.4	(36)
At year end			
Shareholders' funds	**280,994**	281,816	–
Non-controlling interests	**34,657**	30,835	12
Total equity	**315,651**	312,651	1
Total assets	**760,889**	742,544	2
Total liabilities	**445,238**	429,893	4
Per share			
Basic earnings (in cents) (note 1)			
Before income tax and non-controlling interests	**5.8**	7.8	(26)
After income tax and non-controlling interests	**3.6**	5.8	(38)
Diluted earnings (in cents) (note 2)			
Before income tax and non-controlling interests	**5.8**	7.8	(26)
After income tax and non-controlling interests	**3.6**	5.8	(38)
Net operating cashflows (in cents) (note 3)	**7.4**	4.5	64
Dividend (in cents)	**4.25**	4.25	–
Net asset value as at 31 December (in cents)	**50.2**	50.4	–
Return on shareholders' fund (note 4)	**7.2%**	11.7%	(38)
Return on vessels, property, plant and equipment (note 4)	**5.4%**	9.7%	(44)
Net gearing ratio	**0.79**	0.68	16

Notes

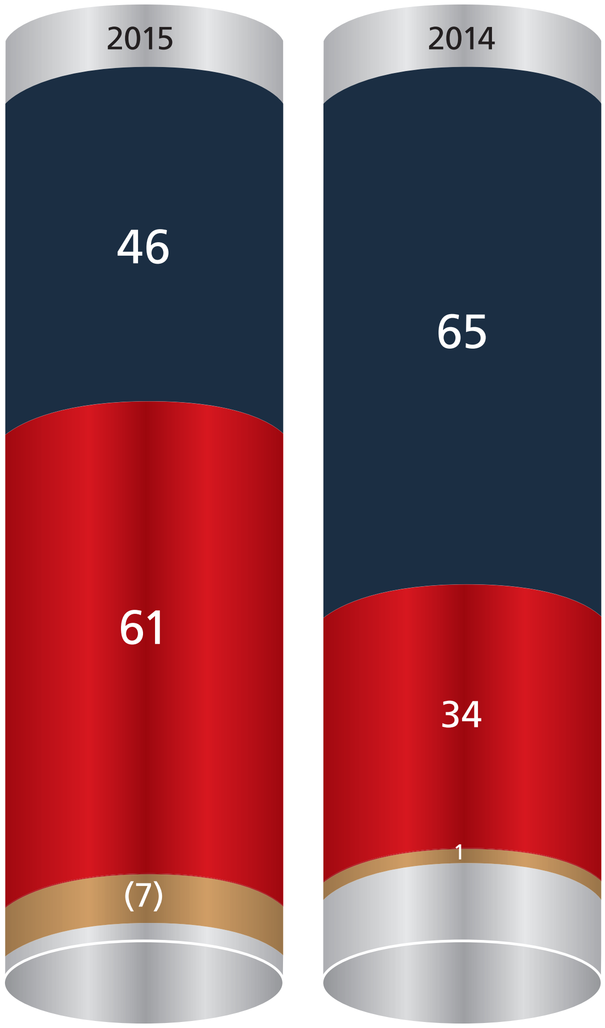
1 The calculation for basic earnings per share is based on 559,777,660 (2014: 559,214,897) weighted average number of shares in issue during the year.
2 The calculation for diluted earnings per share is based on 560,390,267 (2014: 559,857,727) weighted average number of shares plus dilutive potential shares from share options during the year.
3 Net operating cash flows are net cash flows from operating activities after the payment of interest and income tax but before investing and financing activities.
4 In calculating return on shareholders' funds and return on vessels, property, plant and equipment, the average basis has been used.

Segmental Information

Revenue (%)



Profit After Tax & Non-controlling Interests (excluding others) (%)



Revenue ($'m)

	2015	2014
Basic Building Resources	**668.42**	612.06
Port	**96.20**	80.94
Shipping	**62.33**	70.20
	826.95	763.20

Profit After Tax & Non-controlling Interests ($'m)

	2015	2014
Basic Building Resources	**12.29**	24.18
Port	**16.39**	12.60
Shipping	**(2.01)**	0.57
Others	**(6.36)**	(4.95)
	20.31	32.40

Basic Building Resources **Port** **Shipping**

Value Added Statement

	2015 $'000	2014 $'000
Value added from		
Revenue earned	**826,945**	763,197
Less bought in materials and services	**(707,402)**	(638,051)
Gross value added	**119,543**	125,146
Other non-operating income/(expense)		
Interest, investment income and other income	**4,966**	3,515
Share of results of associated companies	**2,685**	2,317
Foreign exchange gain/(loss)	**3**	(645)
Total Group's value added	**127,197**	130,333
Distribution of Group's value added		
To providers of capital on		
Interest expense	**14,617**	13,016
Dividends to non-controlling interests	**1,341**	611
Dividends to shareholders, paid and proposed	**23,791**	23,818
	39,749	37,445
To employees in wages, salaries and benefits	**39,506**	38,156
To government in income and other taxes	**20,290**	18,935
	99,545	94,536
Balance retained in business		
Depreciation expenses	**27,875**	25,075
Non-controlling interests	**3,254**	2,782
(Deficit)/retained profit for the year	**(3,480)**	8,585
	27,649	36,442
Non-productive item	**3**	(645)
	127,197	130,333
Gross productive analysis		
Number of employees	**1,530**	1,373
Value added per employee ($'000)	**83.1**	94.9
Value added per employee costs ($)	**3.2**	3.4
Value added per dollar revenue (cents)	**15**	17
Value added per dollar investment in vessels, property, plant and equipment (cents)	**27**	29

Corporate Structure

Pan-United Corporation Ltd

Basic Building Resources

- Pan-United Industries Pte Ltd 100%
  - Pan-United Concrete Pte Ltd 100%
  - United Cement Pte Ltd 100%
  - Pan-United Asphalt Pte Ltd 100%
  - Raffles Concrete Pte Ltd 100%
  - Raffles Cement Pte Ltd 49%
  - Meridian Maplestar Sdn Bhd 100%
  - Fortis Star Sdn Bhd 100%
  - PT. Pacific Granitama 80%
  - PT. Pan-United Concrete 100%
  - FICO Pan-United Concrete Joint Stock Company 55%

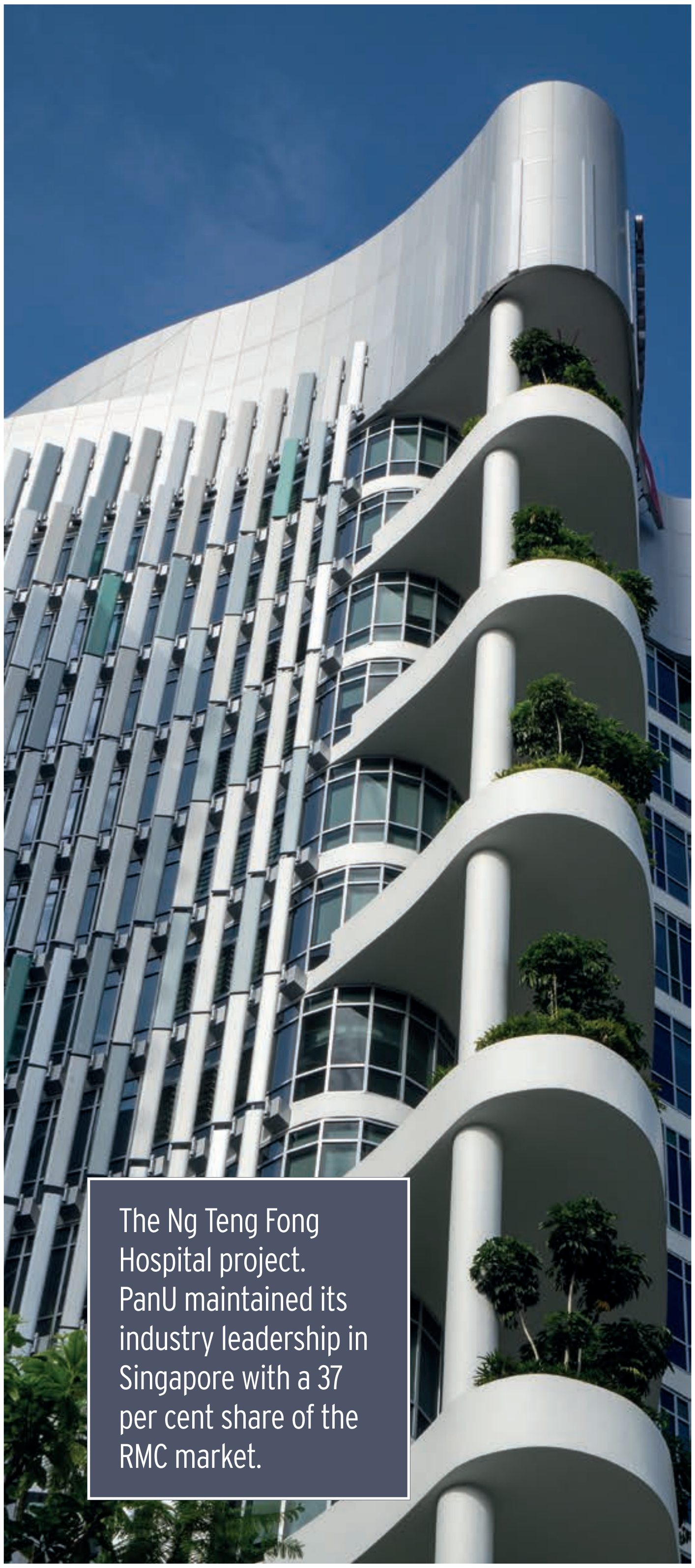
Port

- Pan-United Infrastructure Pte Ltd 100%
  - Singapore Changshu Development Co Pte Ltd 90%
    - Changshu Xinghua Port Co., Ltd 95%
      - Changshu Changjiang International Port Co., Ltd 90%
      - Changshu Xinghua Transportation Co., Ltd 49%
      - Changshu Westerlund Warehousing Co., Ltd 25%

Shipping

- Pan-United Shipping Pte Ltd 100%
- P.U.Vision Pte Ltd 100%
- United Bulk Shipping Pte Ltd 51%

Chairman's Message



The Ng Teng Fong Hospital project. PanU maintained its industry leadership in Singapore with a 37 per cent share of the RMC market.

Dear Shareholders,

I am pleased to share that the Pan-United Group (PanU or the Group) reported an 8% increase in revenue, from $763.2 million to $826.9 million for the financial year ended 31 December 2015 (FY2015), despite our key markets of Singapore and China experiencing slower economic growth.

In spite of the global macroeconomic uncertainty and a challenging operating environment, PanU continued operating profitably, registering a profit after tax of $24.9 million.

Record volumes

Sales of ready-mixed concrete (RMC) and cementitious products in the Basic Building Resources (BBR) division hit record volumes, although margin erosion persisted due to softer average selling prices and the higher cost of raw materials.

In the Port division, cargo volumes from our Xinghua Port Group increased by a healthy 13%. This was boosted by a 31% increase in cargoes handled at its second port, Changshu Changjiang International Port Co., Ltd (CCIP), which was acquired two years ago in 2014. The port team effectively improved utilisation at CCIP from 45% to 59%. With the enlarged total port capacity in place, Management has been diligently adding new customers and diversifying its cargo mix.

Improved cash flow

Notably, PanU's net cash flow from operations improved by 67% to $41.6 million on the back of prudent working capital management. This enabled the Group to continue paying consistent cash dividends to our shareholders.

At the end of FY2015, the Group had net borrowings of $250.7 million, representing a net gearing of 0.79 times.

Capital expenditure amounted to $53.5 million, mainly in Singapore, Malaysia and Indonesia. The investments were for a new manufacturing plant for cementitious products, new RMC batching sites and additional office space as required. Already the largest supplier of RMC and cementitious products in Singapore, the Group's overseas expansion will allow for the development of our network in the region, and serve as the main driver for the BBR division's medium-term growth.

Pursuit of Perfection

Optimistic on prospects
PanU remains committed to delivering sustainable long-term value to our shareholders. We are focused on the continued growth of our core businesses and expansion in existing and new markets.

The Building and Construction Authority (BCA) has forecast local construction demand at between $27.0 billion to $34.0 billion for 2016, with approximately 65% of the construction contracts, between $18.5 billion to $21.5 billion, coming from the public sector.

Local demand for RMC is expected to soften to between 13.0 million cubic metres and 15.0 million cubic metres, compared to about 16.1 million cubic metres in 2015. The market is expected to remain highly competitive. Our strong track record in public infrastructure projects, coupled with our excellent reputation for high service levels and consistent product quality, positions us well amidst the challenging conditions.

In China, the government recently set the country's growth target for FY2016 in the range of 6.5% to 7.0%. The Chinese economy is gradually being rebalanced, from being dependent on manufacturing and industry to one being geared more towards services and consumer spending.

Our competitive position in the port business remains strong because of the strategic location of our two ports as the gateway to the Yangtze River Delta hinterland. In addition, the cargoes handled are derived from imports, exports and domestic users. Our port team will strive for sustainable cargo growth through a broader customer base and diversification of its cargo mix, and maintain its position as one of the top ten river ports in China.

The shipping industry is expected to remain weak globally; however, our shipping division will strive to maintain positive EBITDA.

Innovation culture
Today's increasingly competitive business environment emphasises the need for innovation and initiative. The Group has embraced the challenges by incorporating technology in all facets of our work, and by instilling a culture of excellence. The Group will continuously invest in technology to improve on productivity and organisational effectiveness, and better equip our people with opportunities for professional development.

Proposed dividend unchanged
The Board has recommended a one-tier tax-exempt final ordinary dividend of 2.75 cents per share for FY2015, with the proposed final dividend to be distributed on 26 May 2016, if approved by shareholders at the next Annual General Meeting.

The total dividends for FY2015 will be 4.25 cents, inclusive of the interim dividend of 1.5 cents per share paid in September 2015. The total cash dividend distribution of $23.8 million represents a full-year dividend payout ratio of 117%.

With thanks
On behalf of the Board, I would like to thank all shareholders for your longstanding trust and confidence in us.

To our valued customers and business associates, we are grateful for your strong support even in difficult economic conditions, as we aim to overcome headwinds together.

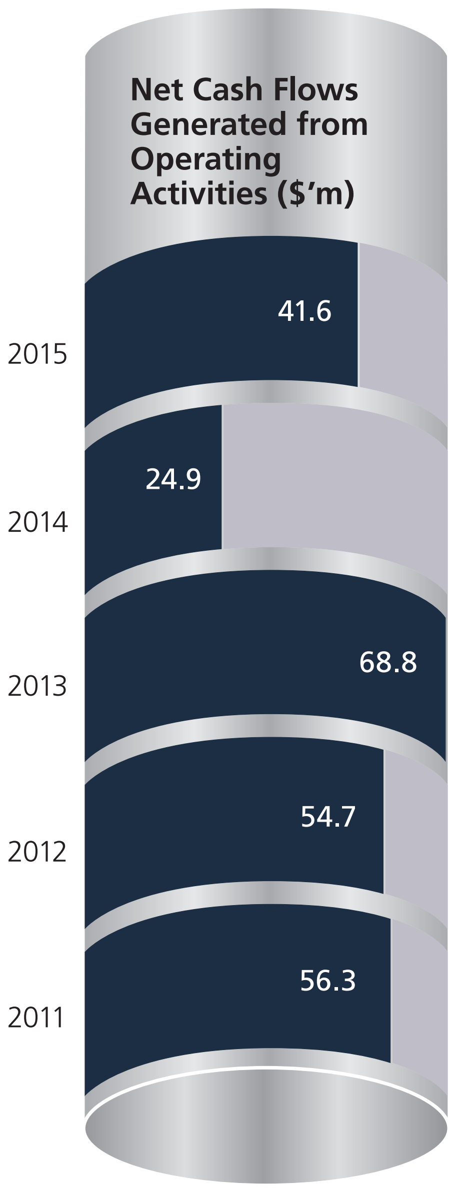
To the entire PanU family of employees, we are appreciative of your resilience and a can-do spirit, which have allowed the Group to continue to grow and to strengthen our market position.

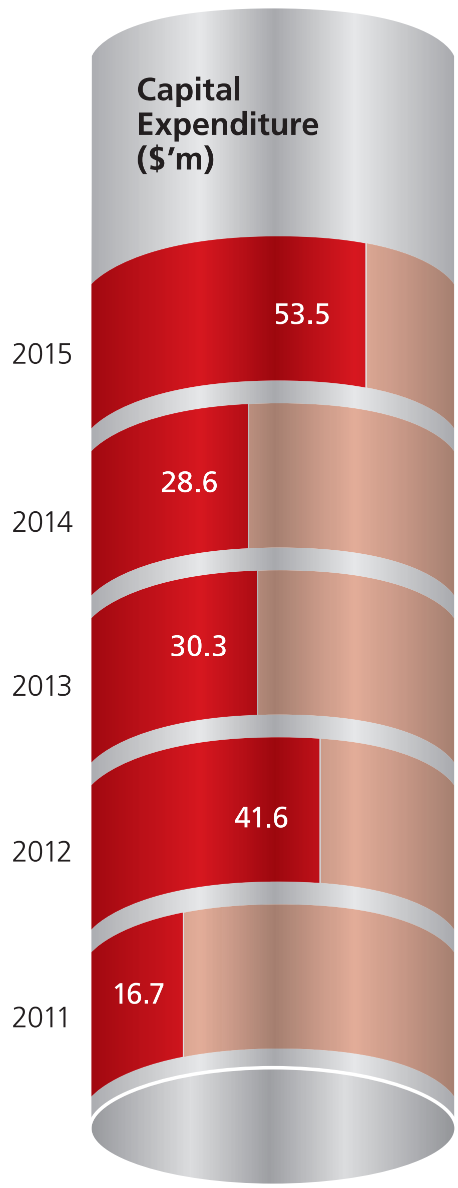
Finally, I would like to express my sincere gratitude to my fellow directors for their invaluable counsel and wise guidance in steering the Group through these challenges.

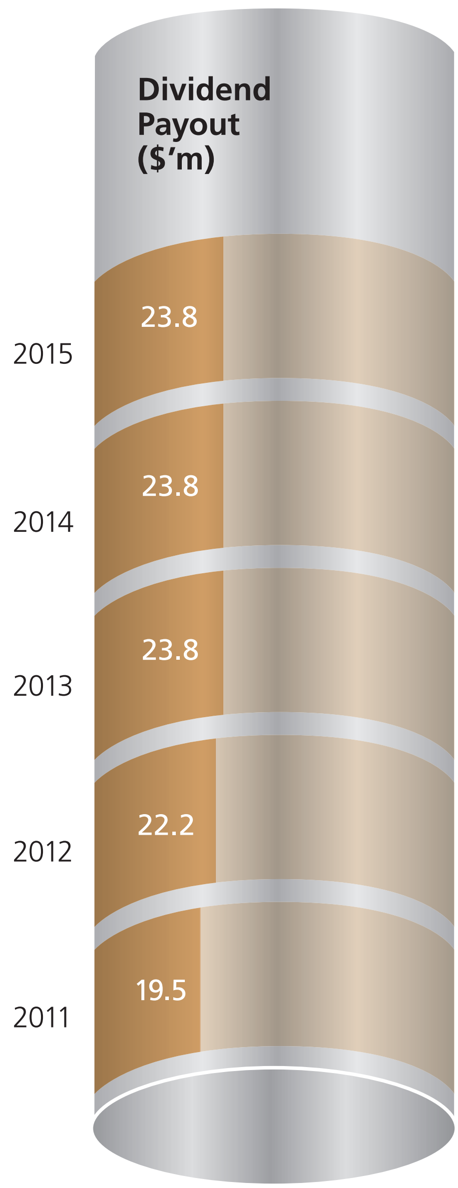
Yours sincerely,

Ch'ng Jit Koon
Chairman

Other Financial Information







Total dividends of **4.25 cents** per share for FY2015

Total Dividends Per Share (cents)

Year	Ordinary
2015	4.25
2014	4.25
2013	4.25
2012	4.00
2011	3.50

Dividend Payout Ratio (%)

Year	Ordinary
2015	117
2014	74
2013	53
2012	52
2011	64

Financial Calendar

Financial Year End	31 December 2015
Announcement of FY2015 results	25 February 2016
Annual General Meeting	26 April 2016
Announcement of FY2016 Q1 results	May 2016
Payment of final dividend	26 May 2016
Announcement of FY2016 H1/Q2 results	August 2016
Announcement of FY2016 Q3 results	November 2016

Corporate Information

Board of Directors

Chairman
Ch'ng Jit Koon

Deputy Chairman
Patrick Ng Bee Soon

Chief Executive Officer
Ng Bee Bee

Executive Director
Jane Kimberly Ng Bee Kiok

Independent Directors
Lee Cheong Seng
Cecil Vivian Richard Wong
Phua Bah Lee
Tay Siew Choon

Joint Company Secretaries
Lynn Wan Tiew Leng
Cho Form Po

Registered Office
7 Temasek Boulevard
#16-01 Suntec Tower One
Singapore 038987

Share Registrar
Boardroom Corporate &
Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Auditor
Ernst & Young LLP
One Raffles Quay
Level 18 North Tower
Singapore 048583

Audit Partner
Low Yen Mei
(w.e.f. FY2015)

Board of Directors

Ch'ng Jit Koon
Chairman, Independent Director

Mr Ch'ng Jit Koon is the Chairman of Pan-United Corporation Ltd since April 1997.

He was a Member of Parliament, Singapore from 1968 to 1996 and was Senior Minister of State, Ministry of Community Development when he retired in January 1997. Mr Ch'ng serves in several community organisations and is a director of Ho Bee Land Ltd, Progen Holdings Ltd and Santak Holdings Ltd. He was previously a director of Tung Lok Restaurants (2000) Ltd.

Mr Ch'ng holds a Bachelor of Arts (Economics and Political Science) degree from Nanyang University, Singapore (now Nanyang Technological University).

Patrick Ng Bee Soon
Deputy Chairman

Mr Patrick Ng is the Deputy Chairman of Pan-United Corporation Ltd since March 2011.

He was CEO of the Group from January 2004 to February 2011. Mr Ng has been managing the Group's investments in China since 1994. He also serves as a director of several subsidiaries in the Group.

Mr Ng has a Bachelor of Science degree from the University of Oregon, United States.

Ng Bee Bee
Chief Executive Officer

Ms Ng Bee Bee is the CEO of Pan-United Corporation Ltd since March 2011.

She was previously the Executive Director from January 2004 to February 2011. She sits on the boards of several subsidiaries in the Group. Ms Ng is the Chairman of Mercatus Co-operative Ltd and a director of NTUC Enterprise Co-operative Ltd.

Ms Ng holds a Bachelor of Arts (Honours) degree from the University of Western Ontario, Canada.

Jane Kimberly Ng Bee Kiok
Executive Director

Ms Jane Ng is the Executive Director of Pan-United Corporation Ltd since March 2009.

She was the Group Financial Controller from 1997 before her appointment as General Manager (Special Projects) in 2002. She moved to Pan-United Marine Ltd upon its demerger as a separate listed company in 2004 and was its Executive Director until July 2007. Ms Ng is a director of several subsidiaries in the Group.

Ms Ng graduated *summa cum laude* with a Bachelor of Science degree from the University Of Oregon, United States.

Cecil Vivian Richard Wong
Independent Director

Mr Cecil Wong is an Independent Director of Pan-United Corporation Ltd since October 1992.

He is also a director of Venture Corporation Ltd, Chartered Asset Management Pte Ltd and John K Young Pte Ltd. He was previously a director of British & Malayan Trustees Ltd.

Mr Wong holds a Bachelor of Arts degree from the University of Cambridge and is a member of the Institute of Singapore Chartered Accountants.

Lee Cheong Seng
Independent Director

Mr Lee Cheong Seng is an Independent Director of Pan-United Corporation Ltd. He has held various Board positions in the Group since 1993.

Mr Lee first served as an Independent Director of Pan-United Corporation Ltd from November 1993 to August 2005, after which he assumed an executive position as Senior Executive Director and Advisor until November 2009, from when he became a Non-Executive Director. He was re-designated as an Independent Director in December 2012 after a review by the Nominating Committee. Mr Lee was formerly the Managing Director and CEO of the ASC Group, which engaged in private equity investment business in Asia.

Mr Lee holds a First Class Honours degree in Chemical Engineering as a Colombo Plan scholar and a Master of Applied Finance, both from the University of Adelaide, Australia. He also has a Diploma in Management Studies from the University of Chicago Graduate School of Business.

Phua Bah Lee
Independent Director

Mr Phua Bah Lee is an Independent Director of Pan-United Corporation Ltd since November 1993. He is also the Chairman of Changshu Xinghua Port Co. Ltd since 2001.

Mr Phua was in the Singapore Parliament for two decades - as a Member of Parliament for the Tampines Constituency from 1968 to 1988; as Parliamentary Secretary in the Ministry of Communications from 1968 to 1971; and as Senior Parliamentary Secretary in the Ministry of Defence from 1972 to 1988. Mr Phua is a director of Metro Holdings Ltd and Singapura Finance Ltd. Mr Phua was previously a director of GP Industries Ltd and Wing Tai Holdings Ltd.

Mr Phua holds a Bachelor of Commerce degree from Nanyang University, Singapore (now Nanyang Technological University).

Tay Siew Choon
Independent Director

Mr Tay Siew Choon is an Independent Director of Pan-United Corporation Ltd since February 2005.

Mr Tay has held top echelon management positions in several listed companies and has extensive local and overseas experience. He was Managing Director and Chief Operating Officer of Singapore Technologies Pte Ltd until March 2004. Mr Tay is currently the Deputy Chairman of TauRx Pharmaceuticals Ltd and a director of TauRx Therapeutics Ltd, Straco Corporation Ltd and WisTa Laboratories Ltd.

Mr Tay holds a Bachelor of Engineering (Electrical) Honours degree as a Colombo Plan scholar from Auckland University, New Zealand and a Master of Science in Systems Engineering from the University of Singapore (now National University of Singapore).

Operations Review

Pursuit of Growth

Basic Building Resources Division

The Singapore construction industry remained a difficult environment to operate in 2015. Construction contracts awarded in the year totalled $27.0 billion, down 30% year-on-year. Construction activity also slowed down due partly to softer conditions in the property market. Private housing projects, in particular, suffered a softening in demand in contrast with the steadier public housing market.

Record sales

Bolstered by the higher level of on-site construction activity, demand for ready-mixed concrete (RMC) advanced by 7% to about 16.1 million cubic metres. The demand for cement remained stable at about 6.0 million tonnes.

The Basic Building Resources (BBR) division achieved record sales of RMC at 6.0 million cubic metres and cementitious materials at 2.5 million tonnes. Together with higher sales from overseas operations, BBR's revenue rose 9% to $668.4 million.

Profit margins remained compressed. This was mainly due to stiff competition in the RMC and cement markets, and higher labour costs because of the tightening of foreign manpower supply. As a result, the division marked a 47% reduction in net profit after tax to $12.9 million.

We completed contracts for projects such as Downtown Line 2, Singapore University of Technology & Design, the mega-South Beach development, Mediacorp's Mediapolis @ One-North and the redevelopment of Hotel Grand Central. Condominium projects included D'Leedon, Leedon Residences and Bartley Residence.

A range of projects on hand will continue into the new financial year. The public sector contracts include Downtown Line 3, Thomson Line, Tuas West extension, Sengkang General and Community Hospitals, Jewel at Changi Airport, Changi Airport Terminal 4, Tuas Mega Shipyard Phase 2, reclamation works at Tuas Finger One and Phase 3 of the PSA Container Berth and Stacking Yard project.

Private sector projects include Tanjong Pagar Centre and various residential projects such as V on Shenton, The Venue Residences, Jewel @ Buangkok, Sky Vue, Botanique at Bartley, Telok Blangah Parcview, City Vue @ Henderson and Commonwealth Towers.

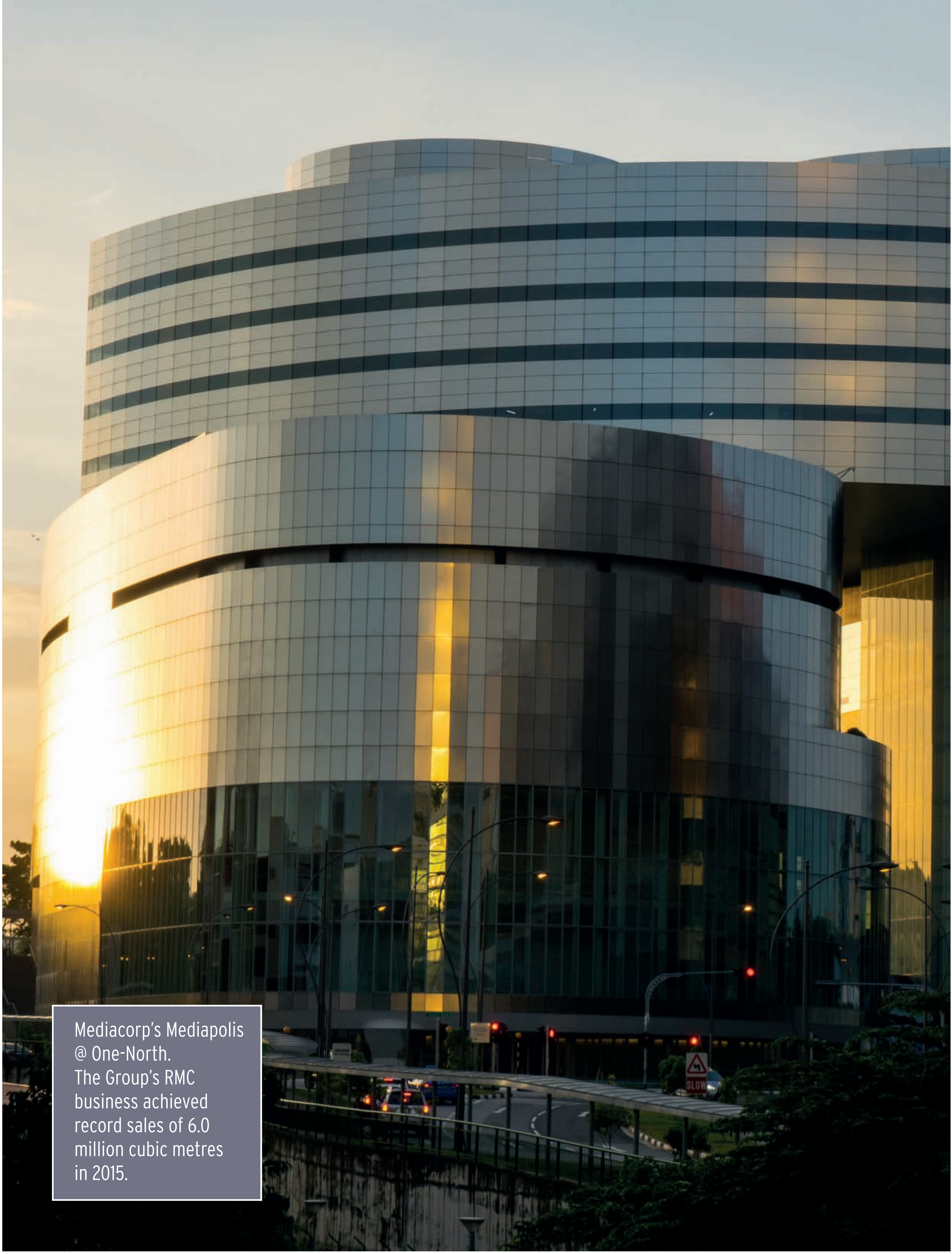
Market leader

We maintained our position as the market leader in Singapore's RMC industry, with a 37% market share. We are also the market leader for supplying cement to the local construction industry.

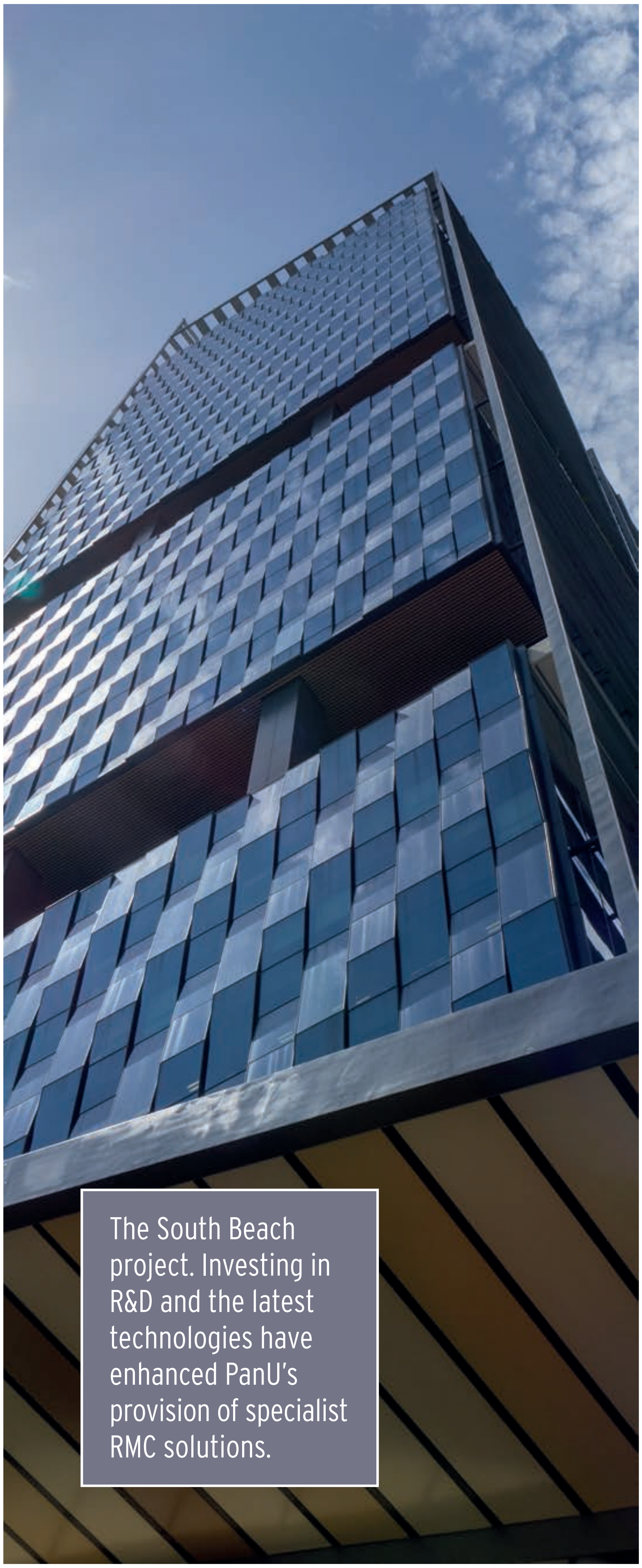
Our team clinched a slew of significant new contracts during the year which include public sector projects such as preparation works for Changi Airport Terminal 5, Changi Airport taxiways and aircraft parking stands, land reclamation works at Tuas Finger One, St George's Tower, the Police Divisional HQ in Woodlands, JTC Food Hub at Senoko, trackwork for the Thomson Line and land preparation for the Ministry of Transport.

Our RMC specialists handled a slew of complex infrastructure projects including Downtown Line 2.

The Singapore University of Technology & Design is another of the many institutional projects in PanU's broad RMC portfolio.



Mediacorp's Mediapolis @ One-North. The Group's RMC business achieved record sales of 6.0 million cubic metres in 2015.



The South Beach project. Investing in R&D and the latest technologies have enhanced PanU's provision of specialist RMC solutions.

The private sector projects include commercial and industrial developments such as Singtel Data Centre, Telin Data Centre, Zenith OCBC Data Centre, Toll City @ Gul Crescent and JTC Space @ Tuas Avenue 1. New residential projects include High Park Residences, Sims Urban Oasis, EastLawn and EastLace@Canberra, Blossom Spring and Buangkok ParcVista.

Robust regional expansion

In the last quarter of 2015, the BBR division started up our first concrete batching plant in Johor. Our Indonesian quarry operations has benefitted from capacity expansion in FY2014, which led to a swell of 21% in production volume in FY2015 to 3.5 million tonnes.

Our RMC joint venture in Vietnam, which primarily focuses on building projects in Ho Chi Minh City, remained profitable. The Vietnam company successfully secured contracts for iconic projects with highly-rated developers and contractors. These projects include Saigon Center, Prince Residence, The One and the Metro Line 1 at the Opera House.

We aim to expand our operations in these overseas markets in the coming years. In Asia (ex-China), we are one of the top three RMC companies by market share and volume.

Brisk infrastructure outlook

The outlook for Singapore's private sector construction remains cloudy in view of continued global economic uncertainties. Demand from public sector projects is expected to remain brisk. Various major infrastructure projects in Singapore are in the pipeline as the government lays out its plans for sustainable long-term economic growth.

The key infrastructure projects slated for the next five years include the new MRT Cross Island Line, MRT Circle Line 6, the North-South Expressway, Phase 2 of the Deep Tunnel Sewerage System, Changi Airport Terminal 5, a new integrated bus and train depot in Changi, the high-speed rail system to Kuala Lumpur, a new mega-waste treatment plant at Tuas, the new Changi East Air Base, the Tuas MegaPort, Phase 2 of the Singapore LNG Terminal and more hospitals and healthcare facilities are expected to be developed to meet the needs of Singapore's growing population.

With these substantial public sector projects coming on stream, the BCA has forecasted annual construction demand to range from $26.0 billion to $37.0 billion between 2016 and 2019. Demand for RMC and cement in Singapore is therefore expected to remain steady in the medium-term. However, selling prices for RMC and cement will remain highly competitive.

The BBR division will continue to focus on maximizing operational efficiencies as we steer our businesses to achieve sustainable profitable growth over the medium term. We will invest in our upstream operations in Singapore, Malaysia and Indonesia to improve overall cost efficiency.

Investing in R&D and the latest technologies

In 2012, we made a decision to invest in research & development (R&D) and the latest technologies to advance our RMC product development and service standards. That has paid off in enhancing our provision of bespoke concrete solutions to meet very specific customer needs. To-date, our R&D efforts have led to the creation of many new RMC products, making PanU among the global market leaders in RMC technologies.

Port Division

The slowdown in the Chinese economy depressed handling rates and cargo volumes, and led to sharpened competition among China's ports.

Outperformed expectations

Amidst such challenging conditions, our Xinghua Port Group remained resilient and outperformed expectations. The division reported an annual revenue of $96.2 million, a 19% jump over the last financial year, thanks to a robust 13% growth in cargo volumes to 12.1 million tonnes.

The acquisition of Changshu Changjiang International Port Co., Ltd (CCIP) in 2014 paid off in more ways than one. The Port Group was able to jumpstart the usage of our second port by 31%, from 2.7 million tonnes of cargo handled in the previous year, to 3.5 million tonnes. This was mainly due to higher steel volumes shipped to North Asia and Southeast Asia.

The two adjacent ports in Changshu, China, have reaped synergies in expanding and diversifying the mix of cargoes, while also securing new customers.

Safety is of the highest priority in port operations.

For the first time since 2006, Changshu Xinghua Port (CXP) crossed the 100,000-TEU mark. The sizeable cargo improvement was contributed by our team capturing new inbound container business from the local car assembly plant, Chery Jaguar Land Rover Automotive Company Ltd.

As a result of the higher revenue, the Port Group's EBITDA grew by 24% to $46.0 million, with a much improved EBITDA margin of 48% due to synergies from the joint operations of CXP and CCIP. Attributable profit amounted to $16.4 million, up by a hefty 30% despite a sizeable interest expense of $11.9 million.

Ensuring work safety

Even as cargo volumes rose, our Port Group maintained the highest priority over the safety of work practices. Management constantly monitored every work process and installed controls to ensure safety. Strict supervision was ensured to eliminate any risks.

Employees are also encouraged and rewarded for ideas to improve work safety. All employees attend safety training and briefings, in order to refresh and learn new ways and methods to do their jobs better. Safety practices have been integrated into every employee's daily life and work, beyond just safety slogans.

From September 2015, the Port Group has ceased to handle flammable dangerous cargoes to further minimise risks at our ports. This measure has no significant impact on our total cargo volumes.

The ports serve as the main distribution hub for forestry products in Eastern and Central China.

Opportunities for growth

Even as we do not expect the Chinese economy to experience a 'hard landing', Management will continue to consolidate and seek opportunities to maximise the expanded port capacity.

The two ports will continue to focus on serving as distribution hubs for cargoes such as steel, pulp and paper, and logs. We aim to grow the handling of heavy equipment as a core cargo, in order to further diversify our cargo mix and broaden our income base. Higher growth will be sought through the consolidation of customers and growing new customer segments to increase port utilisation.

Our strategic location at the mouth of the Yangtze River Delta will continue to serve us well. There is a sizeable hinterland that covers the high-growth Yangtze River Delta Economic Zone, and the central and western parts of China. Our port team will strive for sustainable cargo growth despite the slowdown in the Chinese economy and work towards enhancing our position among China's top ten river ports.

Shipping Division

Our shipping division endured another difficult year. The shipping industry continued to be plagued by low freight rates, slower intra-regional cargo demand within Southeast Asia, and an over supply in bulk vessel capacity. As a result, our shipping revenue dipped by 12% to $70.9 million. The division registered an after-tax loss of $1.0 million, down from an after-tax profit of $1.5 million a year ago. However, EBITDA remained positive at $4.9 million.

Improving utilisation

The tough industry conditions are expected to persist into the next financial year.

We will continue to work hard to improve our performance, through means such as careful planning of vessel utilization and cost management. We are confident of maintaining our lead, having forged good relationships with contractors and suppliers, and long-term ties with key customers.

Pan-United Shipping has been a long-established name in regional shipping. Our deep knowledge of the market has enabled us to remain competitive all these years. We will anchor on our excellent reputation in the market, where reliability is an essential factor in transporting goods on time, and safely.

The shipping arm's reputation for reliability has enabled it to remain competitive and provide synergistic support to the Group's other core businesses.

Financial Report

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Mediacorp's Mediapolis @ One-North.

Report on Corporate Governance

The Company, which is listed on the Mainboard of Singapore Exchange Securities Trading Limited (the SGX-ST) on 22 December 1993, has set in place self-regulatory corporate governance practices and has enhanced its internal policies and practices, where appropriate, in accordance with the revised Code of Corporate Governance (Code) issued on 2 May 2012 by the Monetary Authority of Singapore.

This report describes the Company's corporate governance practices that were in place for the financial year ended 31 December 2015 (FY2015) with specific reference to the Code. Explanations have been provided where there are deviations from the Code.

Board of Directors

At the date of this report, the Board comprises eight directors, of whom three are executive directors and five are independent directors, namely:

i	Ch'ng Jit Koon	–	Chairman, Independent Director
ii	Patrick Ng Bee Soon	–	Deputy Chairman
iii	Ng Bee Bee	–	Chief Executive Officer
iv	Jane Kimberly Ng Bee Kiok	–	Executive Director
v	Lee Cheong Seng	–	Independent Director
vi	Cecil Vivian Richard Wong	–	Independent Director
vii	Phua Bah Lee	–	Independent Director
viii	Tay Siew Choon	–	Independent Director

The profile of each director is set out on pages 10 and 11 of the Annual Report.

At the coming Annual General Meeting (AGM), the following directors have been recommended by the Nominating Committee for re-election pursuant to Article 89 of the Company's Constitution:

- Ng Bee Bee
- Tay Siew Choon

The Board's Conduct of Affairs

Principle 1: The Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board delegates the day-to-day operations to Management. However, significant matters exceeding the internal financial limits set by the Board require the Board's approval.

The Board's role is to:

- provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interest and the Company's assets;
- review performance;
- set the Group's values and standards, and ensure that obligations to shareholders and others are understood and met; and
- identify the key stakeholders groups and recognise that their perceptions affect the Company's reputation.

The principal functions of the Board include the following:

- deciding on strategic directions, key initiatives, policy matters and major transactions;
- approving annual capital and operating budgets;
- monitoring Management's performance and reviewing the financial performance of the Group;
- ensuring the adequacy of internal controls;
- implementing effective risk management systems;
- ensuring compliance with the Singapore Companies Act, Chapter 50, accounting standards, SGX listing rules and all other necessary statutes and regulations; and
- adopting relevant leading business practices.

The Board's Conduct of Affairs (continued)

Principle 1: The Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board. (continued)

Delegation of Authority on Certain Board Matters

To facilitate effective management, certain functions have been delegated to four board committees, namely, the Audit Committee, Executive Committee, Nominating Committee and Remuneration Committee, each of which is governed by clear terms of reference which has been approved by the Board. Minutes of all board committee meetings are provided to the Board for their information and update on the proceedings and matters discussed during such meetings.

The Company and the Group have in place financial and approval limits for procurement of goods and services, capital expenditure, investments, divestments, bank borrowings and cheque signatories' arrangements. Also, to facilitate operational efficiency, sub-limit approvals are adopted for the Executive Committee and the different levels of Management.

The Executive Committee comprises:

i Ch'ng Jit Koon – Chairman
ii Patrick Ng Bee Soon
iii Ng Bee Bee
iv Jane Kimberly Ng Bee Kiok

Meetings of the Board and Board Committees

The Board meets at least four times annually and as and when necessary to address any significant matters that may arise. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's Constitution.

The record of the directors' attendance at meetings held in the year is set out as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	General Meeting
Total number of meetings	**5**	**4**	**1**	**2**	**1**
Ch'ng Jit Koon	5	4	1	–	1
Patrick Ng Bee Soon	5	–	–	–	1
Ng Bee Bee	5	–	–	–	1
Jane Kimberly Ng Bee Kiok	5	–	–	–	1
Lee Cheong Seng	5	–	1	–	1
Cecil Vivian Richard Wong	5	4	–	2	1
Phua Bah Lee	4	–	1	2	1
Tay Siew Choon	5	4	–	2	1

The Company has in place an orientation programme to familiarise new directors with the Company's structure and organisation, businesses and governance policies. Site visits to the Group's core business units and interaction with Management also form part of the orientation programme. All new directors will undergo training and briefing on the roles and responsibilities as directors of a listed company for an understanding of their legal and fiduciary obligations as an individual and of the Board as a whole.

The Company has adopted a policy to instill and encourage continuous education and training for the Board to keep pace with the regulatory changes and latest developments relevant to the Group. All the directors are members of the Singapore Institute of Directors (SID). An annual budget has been allocated for the training needs of the Board. Under the purview of the Nominating Committee (NC), the directors are encouraged to attend conferences and seminars, organised by SID and other professional organisations, relating to finance, legal, business strategy, risk management and corporate governance issues. In FY2015, the directors attended a total of forty-four hours of training.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

In light that each of the independent directors has served beyond nine years from the date of his first appointment, the Board, with the concurrence of the NC, performed a rigorous review of their independence, with each abstaining from the deliberation of his own independence. The dates of the first appointment for these directors are set out on page 24 of the Annual Report.

Based on the self-declaration provided by each director of any relationships as set out in the Code, the individual, peer and board evaluations performed and informal reviews conducted, the Board has determined that the five non-executive directors, namely Messrs Ch'ng Jit Koon, Lee Cheong Seng, Cecil Vivian Richard Wong, Phua Bah Lee and Tay Siew Choon, have each exercised independent judgement in the interests of the Company and discharged his duties as an independent director effectively. The Board also acknowledges and recognises the benefits of the experience and stability brought by these long-serving independent directors.

The independent directors are respected members of the business community and they provide core competencies such as accounting, finance, business acumen and management expertise. The Board is of the view that they contribute to the strong independent element of the Board, notwithstanding their tenure on the Board.

The Board, with the concurrence of the NC, having reviewed and considered the size of the Board and the board committees, is of the view that the current size is appropriate for the nature and scope of the Company's operations and facilitates effective decision making for the existing needs and demands of the Group's businesses. The Board, with the concurrence of the NC, is also of the view that the composition of the Board and the board committees, as a group, provides an appropriate balance and diversity of skills, experience, gender and knowledge of the Group. No individual or group dominates the Board's decision-making process.

The non-executive directors set aside time to meet with and without the presence of Management to review their performance in meeting goals and objectives.

Chairman and Chief Executive Officer (CEO)

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

The roles of the Chairman and CEO are separate and consist of two directors who are not related to each other. The Chairman is an independent director who bears responsibility for the workings of the Board and assists in enhancing the Company's corporate governance practices. The CEO is the most senior executive director responsible for the day-to-day operations of the Group.

The Chairman's role includes the following:
- leading the Board to ensure its effectiveness on all aspects of its roles;
- setting the agenda and ensure adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- ensuring that the directors receives accurate, adequate, timely and clear information;
- ensuring effective communication with shareholders;
- encouraging constructive relations within the Board and between the Board and Management;
- facilitating the effective contribution of non-executive directors at board meetings; and
- promoting high standards of corporate governance.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Nominating Committee comprises three members who are all non-executive independent directors, namely:

i Ch'ng Jit Koon – Chairman
ii Phua Bah Lee
iii Lee Cheong Seng

The main functions of the NC as governed by its written terms of reference, which are approved by the Board, are as follows:
- to make recommendation to the Board on new board appointments;
- to nominate directors, having regard to their contribution and performance, for re-nomination and re-election;
- to determine whether or not a director is independent;
- to conduct a rigorous review to determine the independence of any director who has served the Board beyond nine years since his date of appointment;
- to decide whether or not a director is able to and has been adequately carrying out his duties as director of the Company;
- to assess, through a process implemented by the Board, the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and
- to review training and professional development programs for the directors.

Having considered the recommendations of the Code and the NC, the Board limits the maximum number of outside directorships of listed companies to five, i.e. the non-executive directors of the Company should not hold more than five directorships in other listed companies.

The NC, in its annual review of the appropriate size and composition of the Board, may make recommendations to the Board for new board appointments. The NC will take the lead in identifying, evaluating and selecting suitable candidates as new directors for the Board's consideration. The NC may engage, if necessary, external search consultants or other advisers to assist with the identifying and short-listing of potential candidates. A formalised letter of appointment, detailing the duties and expectations of a director, will be issued to new directors. No new director was appointed by the Company in FY2015. Alternative directorships in the Company are not encouraged by the NC.

Board Membership (continued)

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board. (continued)

In accordance with Article 88 of the Company's Constitution, all newly-appointed directors will only hold office until the next AGM and Article 89 of the Company's Constitution provides that every director shall, subject to the Singapore Statutes, retire from office at least once every three (3) years.

The dates of first appointment and last re-election of each director are set out below:

Name of director	Age	Position	Date of first appointment	Date of last re-election
Ch'ng Jit Koon	82	Chairman, Independent Director	01/04/1997	23/04/2015
Patrick Ng Bee Soon	53	Deputy Chairman	25/05/1993	21/04/2014
Ng Bee Bee	48	Chief Executive Officer	31/01/2004	18/04/2013
Jane Kimberly Ng Bee Kiok	54	Executive Director	12/03/2009	23/04/2015
Lee Cheong Seng	69	Independent Director	29/11/1993	23/04/2015
Cecil Vivian Richard Wong	93	Independent Director	01/10/1992	23/04/2015
Phua Bah Lee	83	Independent Director	29/11/1993	23/04/2015
Tay Siew Choon	68	Independent Director	01/02/2005	21/04/2014

Notes
1) Information on directors' shareholding in the Company and its related companies is set out on page 31 of the Annual Report.
2) Information on directorships or chairmanships in other listed companies and other major appointments is set out on pages 10 and 11 of the Annual Report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Board has adopted an internal process for evaluating the effectiveness of the Board and its board committees as a whole annually. Each director is required to complete a board evaluation form to be returned to the NC Chairman. The evaluation results are subsequently consolidated and presented to the Board together with the NC's recommendations at the board meeting held prior to the AGM.

In evaluating the Board's performance, the NC may take into consideration qualitative and quantitative performance criteria. The evaluation parameters may include performance against set goals and contribution to the Group's long-term objectives and revenue growth. Each director's individual performance is also undertaken on an annual basis through peer evaluation and self assessment.

The Board has decided that the results of the evaluation exercise should not be publicised as the key objective is to obtain constructive feedback from each director to continually improve the Board's performance.

Based on the results of the evaluation exercise of the Board as a whole as well as the actual performance of each director for FY2015, the NC is satisfied that all the directors have adequately carried out their duties, notwithstanding their multiple board representations.

Access to Information

Principle 6: Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The directors are provided with quarterly reports on the Group's financial position as well as timely and complete information to enable them to discharge their responsibilities. The directors are at liberty to request for further explanations, briefings or additional materials on any operational or business issues.

The directors have separate and independent access to Management, including the company secretary, at all times. The company secretary attends and maintains minutes of all board meetings. The appointment and the removal of the company secretary are subject to the Board's approval as a whole.

The directors, in carrying out their responsibilities, may either individually or as a group, appoint professional advisers of their choice to render advice at the expense of the Company.

Remuneration Matters

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9: The Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The Remuneration Committee (RC) comprises three members who are all non-executive independent directors, namely:

i Tay Siew Choon – Chairman
ii Cecil Vivian Richard Wong
iii Phua Bah Lee

The main functions of RC as governed by its written terms of reference, which are approved by the Board, are as follows:

- to recommend to the Board, for their endorsement, a general framework of remuneration for the Board and key management personnel;
- to review and recommend to the Board, for their endorsement, the directors' fee for the non-executive directors of the Company to be tabled for shareholders' approval at each Annual General Meeting, the annual remuneration package for each executive director of the Company and key management personnel, which includes a variable bonus component which is performance-related;
- to decide on the early termination compensation of executive directors and key management personnel;
- to consider whether directors, key management personnel and other executives should be eligible for benefits under long-term incentive schemes; and
- to administer the Pan-United Share Option Scheme and to review the design of all share incentive plans for approval by the Board and shareholders.

The RC has access to expert advice in the field of executive compensation outside the Company, as and when required.

Non-executive directors are paid directors' fees while executive directors are not paid directors' fees. The RC recommends the directors' fees to the Board annually, after taking into consideration factors such as effort, time spent, contribution and the level of fees of directors in similar industries. The Chairman of each board committee is paid a higher fee because of the greater responsibility carried by that office. The RC ensures that non-executive directors are not over-compensated to the extent that their independence may be compromised. Members of the RC do not participate in any discussions or decisions concerning their own remuneration. Directors' fees are subject to shareholders' approval at the Company's annual general meetings.

The following table shows the breakdown of the level and mix of directors' remuneration for FY2015:

Remuneration bands & name of director	Base salary/ Directors' fees	Performance-related bonus	Share options granted
$250,000 to $500,000			
Patrick Ng Bee Soon	86%	14%	–
Ng Bee Bee	87%	13%	–
Jane Kimberly Ng Bee Kiok	85%	15%	–
Below $250,000			
Ch'ng Jit Koon	100%	–	150,000
Lee Cheong Seng	100%	–	150,000
Cecil Vivian Richard Wong	100%	–	150,000
Phua Bah Lee	100%	–	150,000
Tay Siew Choon	100%	–	150,000

Given the sensitivity and confidentiality of remuneration matters and the highly competitive industry conditions of the Group's operations, the Company has not disclosed the exact details of the remuneration of the CEO and the directors. The Company has, however, disclosed the remuneration of the CEO and the directors in bands of $250,000. On the same token, the Company believes that the disclosure of remuneration of the top five key management personnel as recommended by the Code would be disadvantageous to the Group's interests.

No employee of the Group who is an immediate family member of a Director or the CEO was paid remuneration that exceeded $50,000 for FY2015.

Details of the Pan-United Share Option Scheme

The extension of the Pan-United Share Option Scheme (Scheme 2002) for another 10 years up to 18 April 2022 was approved by shareholders of the Company at the Extraordinary General Meeting held on 19 April 2012. Scheme 2002 is administered by the RC.

Disclosure on Remuneration (continued)

Principle 9: The Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance. (continued)

Details of the Pan-United Share Option Scheme (continued)

Scheme 2002 allows participation by non-executive directors of the Company, its subsidiaries and associated companies. The Company does not expect that the grant of options to non-executive directors will compromise their independence as the number of options granted will not be significant. No options are granted to controlling shareholders and their associates.

Details of the share options granted pursuant to the Scheme 2002 are set out in the Directors' Statement at pages 32 and 33 of the Annual Report. In accordance with Rule 704(29) of the Listing Rules, the necessary SGXNET announcement of the FY2015 share option grant was made on 19 November 2015.

Accountability and Audit

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Management provides the Board with management accounts and other relevant information on a timely basis to enable the Board to make a balanced and understandable assessment of the Company's performance, position and prospects.

The Company prepares its financial statements in accordance with the Singapore Financial Reporting Standards (SFRS). The Board complies with the relevant rules of the Listing Manual with the prompt announcements of its quarterly and full-year unaudited financial results and other price-sensitive information via SGXNET.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Group adopts the following approach to risk management and internal controls:

Risk Management and Internal Controls

The Audit Committee (AC) assists the Board in overseeing the Group's overall enterprise risk management framework and policies and ensuring that Management maintains a sound system of risk management and internal controls to determine the nature and extent of significant risks and appropriate mitigation measures to address such risks, as well as to safeguard the Group's assets and shareholders' interests.

The Group has adopted an Enterprise Risk Management (ERM) Policy Manual which provides a framework for identification and management of significant risks to enhance its risk management capabilities. Key business risks are proactively identified, assessed, managed, reviewed and reported to AC on a regular basis.

Notwithstanding the delegation of authority to the AC, the Board continues to retain oversight over the ERM framework, and continues to work with the AC on the determination of the appropriate levels of risk tolerance and risk policies for the Group, and the oversight of Management in the design, implementation and monitoring of robust risk management and internal control systems.

In assessing the effectiveness of the Group's internal control systems, the AC, under the general direction of the Board, oversees Management in putting in place appropriate policies and measures to prevent or detect fraud or errors in financial and accounting records, ensure the accuracy and completeness of financial and accounting records, ensure financial information is prepared and presented in compliance with applicable laws, regulations and internal policies, and ensure that material assets are properly safeguarded.

The Group's internal and external auditors conduct periodic and annual reviews on the adequacy and effectiveness of the Group's internal controls, including but not limited to financial, operational and compliance controls, and risk management. Any material non-compliance or significant weaknesses in internal controls identified are promptly brought to the attention of the AC and to Management for remedial actions. The AC subsequently reviews the effectiveness of the actions taken and provides updates to the Board accordingly.

The AC and the Board have received a written assurance from the CEO and the Executive Director, who oversees the areas which would have been under the charge of a Chief Financial Officer, that for FY2015, the relevant financial statements of the Group, prepared in accordance with SFRS, presented a true and fair view of the state of affairs of the Group and the Group's risk management and internal control systems, including but not limited to financial, operational, compliance and information technology controls, in place were adequate and also provided a reasonable assurance that assets were safeguarded against unauthorised loss or disposition.

Based on the systems of risk management and internal controls established and maintained by the Group, work performed and reports by the internal and external auditors and the above written assurance, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems, addressing the financial, operational, compliance and information technology risks, are effective and also adequate.

The Board takes the view that the systems of risk management and internal controls provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board is aware that the risk landscape applicable to the Group and its businesses is constantly evolving, for which the risk management and internal control systems may need to be adjusted accordingly from time to time, and that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, fraud and other irregularities.

Key Risks facing the Group

The Group is vulnerable to a number of risks applicable to the industries and the areas in which it operates. The Group's approach to financial risk management is listed on pages 77 to 80 of the Annual Report. The following are some of the other key risks which could materially and adversely affect the Group's businesses, financial conditions or results of operation.

Business risk

Basic Building Resources

The Basic Building Resources (BBR) division is exposed to changes in demand of basic building materials, mainly for the construction industry. On the supply side, it is exposed to any disruption to raw material supplies and increases in raw material prices. The BBR division responds to the risks by managing its operational costs and having diversified sources of raw materials.

Shipping

The Shipping division's fleet of vessels plies mainly in the Southeast Asian region. Demand for its coastal shipping vessels depends on inter-regional trade and the shipping business is exposed to increase in fuel cost for its vessels. To help mitigate these risks, the Shipping division has implemented a strategy to maintain an optimum number of vessels owned in relation to the demand, to better ride the market and competitive environment.

Port

The Group's Changshu Xinghua Port Co., Ltd (CXP) and Changshu Changjiang International Port Co., Ltd (CCIP), collectively known as Xinghua Port Group, are located in The People's Republic of China (PRC). It is therefore subject to changes in political conditions and policy changes in the PRC and those of the local government. Xinghua Port Group is dependent on import and export trade of cargoes such as steel, logs and pulp and paper which contribute significantly to the total revenue of the Port division. To help manage these risks, the Port division will continue to maintain good working relationships with the local authorities and adopt a lean cost structure through cost management measures and operational efficiencies and also to position the ports as one of the leading distribution hubs for steel, logs and pulp and paper along the Yangtze River.

Operational risk

Operational risk refers to potential loss resulting from a breakdown of internal processes, deficiencies in people and management or operational failure arising from external events. The operational risk management process instituted in the Group is to minimise unexpected losses and manage expected losses. This process is supported by a team of experienced management staff and key personnel and this is critical in enhancing the Group's operational risk management process.

Investment risk

The Group expands its business through organic growth of its core businesses and acquisitions of business entities. Investment activities are evaluated through the performance of due diligence exercises. All new business proposals are reviewed by Management before obtaining the Board's approval.

Information technology risk

The Group has implemented information technology (IT) management controls and leading practice security controls, so as to ensure an appropriate level of security awareness at all times by users of the Group's IT systems.

The Group has put in place appropriate policies and controls to manage the risk of data privacy breaches.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The Audit Committee comprises three members who are all non-executive independent directors, namely:

i Cecil Vivian Richard Wong – Chairman
ii Ch'ng Jit Koon
iii Tay Siew Choon

The Board is of the view that the AC members, having accounting and related financial management expertise and experience, are appropriately qualified to discharge their responsibilities.

The AC meets at least four times a year and plays a key role in assisting the Board to ensure that the financial reporting and internal accounting controls of the Group meet the highest standards. It oversees the quality and integrity of the accounting, auditing, internal controls, financial practices of the Group, and its exposure to risks of a regulatory, legal or business nature. The AC keeps under review the effectiveness of the Group's system of accounting and internal controls. It also keeps under review the Group's programme to monitor compliance with its legal, regulatory and contractual obligations. The AC reviews the quarterly financial statements of the Company as well as the auditors' reports.

Audit Committee (continued)

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties. (continued)

In performing its functions, the AC reviews the overall scope of both internal and external audits, and the assistance given by Management to the auditors. The AC also meets with the internal and external auditors annually, without the presence of Management, to discuss the results of their respective audit findings and their evaluation of the Group's system of accounting and internal controls. The AC reviews, on an annual basis, the independence of the external auditor and makes recommendation to the Board on the nomination of the external auditor.

In FY2014, the AC, with the approval of the Board, assumed the function of the board risk committee to oversee the Group's enterprise risk management framework and policies.

The AC is empowered to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention, with full access to records, resources and personnel, to enable it to discharge its functions properly. It has full access to and co-operation of Management, and the internal auditor, and has full discretion to invite any director or executive officer to attend its meetings.

During the year, the key activities of the AC included the following:

- reviewed and recommended to the Board the quarterly and full-year financial results related SGX announcements;
- reviewed and evaluated with internal and external auditors, the adequacy and effectiveness of internal controls systems, including financial, operational and compliance controls;
- reviewed and approved the internal and external audit plans to ensure the adequacy of the audit scope;
- reviewed with internal auditor the audit reports and their recommendations and timely implementation of any improvement measures;
- reviewed the adequacy and effectiveness of the Group's internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group;
- reviewed with external auditor the key areas of audit emphasis, periodic updates on changes in accounting standards and treatment, independence, fraud considerations and summary of audit differences;
- reviewed the enterprise risk management reports, its mitigation factors and updates;
- reviewed whistle-blowing investigations and ensuring appropriate follow-up actions, if required;
- reviewed Interested Person Transaction under Chapter 9 of SGX listing Manual;
- reviewed and recommended the Board the proposed dividends for financial year ended 31 December 2015;
- met with external and internal auditors without the presence of Management;
- reviewed the letter of engagement of auditors;
- reviewed and recommended the re-appointment of external auditor and is satisfied with the audit fees paid to the auditor; and
- reviewed the non-audit fee of the external auditor and is satisfied with the non-audit fees paid to the auditor.

The aggregate amount of audit and non-audit services payable to the external auditor, Ernst & Young LLP (EY), for FY2015 is disclosed in the financial note 4 on page [55] of the Annual Report. The AC has conducted a review of the non-audit services provided by EY and is satisfied that the independence of EY is not affected by such non-audit services and recommends to the Board the re-appointment of EY as the external auditor of the Company for the financial year ending 31 December 2016.

With regards to the proposed re-appointment of the external auditor, the AC is satisfied that the Company has complied with the SGX Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 715 of the SGX Listing Rules regarding the audit of the Company's foreign subsidiaries and joint-ventures for FY2015.

Whistle-Blowing Policy

The whistle-blowing policy provides a channel for employees and other persons to raise their concerns directly to the AC Chairman on possible improprieties concerning financial reporting or other matters. The AC is satisfied that arrangements are in place for independent investigation and appropriate action.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

PricewaterhouseCoopers LLP (PwC), a reputable firm of international public accountants, has been appointed as internal auditor (IA) of the Group since September 2010. Given its pool of specialists in IT, risk management and internal controls, the AC is satisfied that the IA is adequately staffed with persons of the relevant qualification and experience.

The IA's primary reporting line is to the AC Chairman directly although the IA also reports administratively to the CEO. The IA reports their findings and recommendations directly to the AC. Under its terms of reference, the AC reviews and approves the internal audit plan. The AC also reviews the adequacy and effectiveness of the internal audit function. The AC has re-appointed PwC as the Group's IA for FY2015 and FY2016.

Shareholder Rights and Responsibilities

Shareholder rights

Principle 14: The Company should treat all shareholders fairly and equitable, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Communication with Shareholders

Principle 15: The Company should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Conduct of Shareholder Meetings

Principle 16: The Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company does not practise selective disclosure. Price-sensitive announcements, quarterly and full-year results are released via SGXNET and these are also posted on the Company's website immediately thereafter. To reduce our carbon footprint, the Company has produced and provided shareholders with the full annual report in CD-ROM format since 2010. Shareholders can request for a printed copy at no cost if they still wish to receive the Annual Report in paper form. To enhance its communication with shareholders, the Company's website at www.panunited.com.sg provides shareholders with information about the Group.

At the Company's annual general meetings, shareholders are given the opportunity to express their views and ask questions regarding the Group's financial statements and its businesses. The Chairman of each board committees is present and available to address questions at these meetings. The external auditor is also present to assist the directors in addressing any relevant queries by shareholders.

The Chairman and the directors of the Board personally interact with shareholders at the Company's annual general meetings.

The Constitution of the Company allows shareholders of the Company to appoint up to two proxies to attend and vote on their behalf. The Company is not implementing absentia voting methods, such as voting by mail, email, fax, etc., until the security and integrity issues are satisfactorily resolved.

Since 2012, the Company put all resolutions to vote by electronic poll at the AGM. An independent scrutineer for the poll makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages at the end of each vote. Shareholders are briefed on the voting procedures and how to vote for and against each resolution using the electronic hand-held device. The scrutineer will conduct a test poll to vote on a test resolution to familiarise shareholders with the voting procedures and the electronic hand-held device. After the Company's annual general meetings, the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced via SGXNET.

The Company conducts analyst briefings regularly and also has a dividend policy in place which is to distribute, subject to projected funds requirements, not less than one third of its annual attributable profits to shareholders as dividends.

Listing Rule 1207(19) - Dealings in Securities

The Company has implemented a policy which prohibits key executives of the Group and directors of the Company from dealing in the Company's shares for short-term considerations as well as during the period commencing two weeks before the announcement of the Company's quarterly results and one month before the announcement of the full-year results. In addition, directors and employees are made aware that insider trading laws are applicable at all times.

Material Contracts

There were no material contracts of the Company or its subsidiaries, involving the interests of any director or controlling shareholder, entered into since the end of the previous financial year.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that transactions are conducted on an arm's length basis.

There were no interested person transactions as defined in Chapter 9 of the SGX Listing Manual, entered into by the Company or the Group during FY2015.

On behalf of the Board of Directors,

Ch'ng Jit Koon
Chairman

Ng Bee Bee
Chief Executive Officer

Singapore
17 March 2016

Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pan-United Corporation Ltd (the Company) and its subsidiaries (collectively, the Group) and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2015.

1. Opinion of the Directors

In the opinion of the directors,

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Board of Directors

As at the date of this statement, the Board comprises eight (8) directors, namely:

Ch'ng Jit Koon	–	Chairman, Independent Director
Patrick Ng Bee Soon	–	Deputy Chairman
Ng Bee Bee	–	Chief Executive Officer
Jane Kimberly Ng Bee Kiok	–	Executive Director
Lee Cheong Seng	–	Independent Director
Cecil Vivian Richard Wong	–	Independent Director
Phua Bah Lee	–	Independent Director
Tay Siew Choon	–	Independent Director

3. Arrangements to Enable Directors to Acquire Shares and Debentures

Except as described below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' Interests in Shares and Debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations as stated below:

	Direct Interest		Deemed Interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
The Company				
Pan-United Corporation Ltd				
(ordinary shares)				
Ch'ng Jit Koon	1,298,000	1,298,000	–	–
Patrick Ng Bee Soon	25,828,030	27,969,630	318,600,000*	318,600,000*
Ng Bee Bee	–	–	326,750,002*	326,700,002*
Jane Kimberly Ng Bee Kiok	–	–	326,700,002*	326,700,002*
Lee Cheong Seng	2,000,000	2,000,000	–	–
Cecil Vivian Richard Wong	500,000	500,000	–	–
Phua Bah Lee	1,290,000	1,315,000	–	10,000
Tay Siew Choon	830,000	830,000	–	–

* These include 153,000,000 (as at 1 January 2015: 153,000,000) ordinary shares held as joint shareholders.

(options to subscribe for ordinary shares)				
Ch'ng Jit Koon	300,000	450,000	–	–
Lee Cheong Seng	450,000	600,000	–	–
Cecil Vivian Richard Wong	300,000	450,000	–	–
Phua Bah Lee	300,000	450,000	–	–
Tay Siew Choon	300,000	450,000	–	–

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Mr Patrick Ng Bee Soon, Ms Ng Bee Bee and Ms Jane Kimberly Ng Bee Kiok are deemed to have an interest in the shares of the subsidiaries of the Company to the extent that the Company has interest.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2016.

5. Directors' Contractual Benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

6. Options

The extension of the Pan-United Share Option Scheme (Scheme 2002), which was approved by shareholders of the Company at the Extraordinary General Meeting held on 19 April 2012, will expire on 18 April 2022.

Under the Scheme 2002, the options granted prior to its expiry date, exercised, forfeited/lapsed during the financial year and outstanding as at 31 December 2015 are as follows:

			No. of Share Options			
Date granted	Exercise price	Exercise period	At 1 January 2015 or date of grant if later	Forfeited/ Lapsed	Exercised	As at 31 December 2015
20/11/2006	$0.60	20/11/2007 – 19/11/2016	28,000	–	(28,000)	–
22/11/2007	$0.83	22/11/2008 – 21/11/2017	160,000	(30,000)	–	130,000
18/11/2011	$0.47	18/11/2012 – 17/11/2021	152,000	–	(64,000)	88,000
15/11/2012	$0.68	15/11/2013 – 14/11/2017	150,000	–	–	150,000
15/11/2012	$0.68	15/11/2013 – 14/11/2022	776,500	(16,000)	(26,000)	734,500
20/11/2013	$0.99	20/11/2014 – 19/11/2018	750,000	–	–	750,000
20/11/2013	$0.99	20/11/2014 – 19/11/2023	1,636,000	(50,000)	–	1,586,000
19/11/2014	$0.87	19/11/2015 – 18/11/2019	750,000	–	–	750,000
19/11/2014	$0.87	19/11/2015 – 18/11/2024	1,711,000	(50,000)	–	1,661,000
19/11/2015	$0.60	19/11/2016 – 18/11/2020	750,000	–	–	750,000
19/11/2015	$0.60	19/11/2016 – 18/11/2025	1,736,000	–	–	1,736,000
			8,599,500	(146,000)	(118,000)	8,335,500

During the financial year ended 31 December 2015, the Company has granted 750,000 options to non-executive directors of the Company and 1,736,000 options to certain employees of the Group, at the exercise price of $0.60. Details of these options granted are as follows:

Exercisable date	Expiry date	Number of options
19/11/2016	18/11/2020	750,000
19/11/2016	18/11/2025	513,000
19/11/2017	18/11/2025	528,000
19/11/2018	18/11/2025	695,000
		2,486,000

No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted.

Pursuant to Rule 852 of the Listing Manual of Singapore Exchange Securities Trading Limited, it is reported that during the financial year:

i the Scheme 2002 is administered by the Remuneration Committee, comprising three directors, Mr Tay Siew Choon (Chairman), Mr Cecil Vivian Richard Wong and Mr Phua Bah Lee;

ii the options granted under the Scheme 2002 were granted without any discount; and

iii no options have been granted to controlling shareholders or their associates and no employee received 5% or more of the total options available under Scheme 2002.

No director is involved in discussions or decisions in respect of any remuneration, options or any form of benefits to be granted to him/her.

Details of options granted and exercised under Scheme 2002 for directors of the Company are as follows:

Name of director	Options granted during the financial year	Aggregate options granted since commencement of Scheme 2002 to the end of financial year	Aggregate options exercised since commencement of Scheme 2002 to the end of financial year	Aggregate options lapsed since commencement of Scheme 2002 to the end of financial year	Aggregate options outstanding as at the end of financial year
Ch'ng Jit Koon	150,000	1,890,000	(1,290,000)	(150,000)	450,000
Lee Cheong Seng	150,000	6,140,000	(5,540,000)	–	600,000
Cecil Vivian Richard Wong	150,000	1,890,000	(1,290,000)	(150,000)	450,000
Phua Bah Lee	150,000	1,890,000	(1,290,000)	(150,000)	450,000
Tay Siew Choon	150,000	1,580,000	(830,000)	(300,000)	450,000
	750,000	13,390,000	(10,240,000)	(750,000)	2,400,000

6. Audit Committee

The Audit Committee (AC) carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Report on Corporate Governance.

The AC has recommended to the Board of Directors the re-appointment of Ernst & Young LLP as the external auditor of the Company for the financial year ending 31 December 2016.

7. Auditor

Ernst & Young LLP have expressed their willingness to accept the re-appointment.

On behalf of the Board of Directors,

Ch'ng Jit Koon
Chairman

Ng Bee Bee
Chief Executive Officer

Singapore
17 March 2016

Independent Auditor's Report

To the members of Pan-United Corporation Ltd

Report on the financial statements

We have audited the accompanying financial statements of Pan-United Corporation Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 35 to 83, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
17 March 2016

Consolidated Income Statement

for the year ended 31 December 2015

	Notes	2015 $'000	2014 $'000
Revenue	3	**826,945**	763,197
Other income	4	**4,966**	3,515
Raw materials, subcontract costs and other direct costs		**(660,594)**	(593,027)
Staff costs	5	**(39,506)**	(38,156)
Depreciation expenses	9	**(27,875)**	(25,075)
Other expenses	4	**(59,193)**	(56,045)
Finance costs	6	**(14,789)**	(13,203)
Share of results of associates		**2,685**	2,317
Profit before tax	4	**32,639**	43,523
Income tax	7	**(7,733)**	(7,727)
Profit for the year		**24,906**	35,796
Attributable to			
Equity holders of the Company		**20,311**	32,403
Non-controlling interests		**4,595**	3,393
		24,906	35,796
Earnings per share (in cents)			
Basic	8	**3.6**	5.8
Diluted	8	**3.6**	5.8

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	2015 $'000	2014 $'000
Profit for the year	**24,906**	35,796
Other comprehensive income		
Fair value changes of derivatives	**1,178**	(641)
Foreign currency translation	**1,681**	1,836
Other comprehensive income for the year, net of tax	**2,859**	1,195
Total comprehensive income for the year	**27,765**	36,991
Total comprehensive income attributable to		
Equity holders of the Company	**22,602**	32,898
Non-controlling interests	**5,163**	4,093
	27,765	36,991

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 31 December 2015

		Group		Company	
		2015	2014	**2015**	2014
	Notes	**$'000**	$'000	**$'000**	$'000
Non-current assets					
Vessels, property, plant and equipment	9	**479,494**	449,398	**122**	322
Subsidiaries	10	**–**	–	**207,291**	206,220
Associates	11	**5,761**	5,254	**–**	–
Other investments	12	**2,204**	1,903	**560**	–
Other receivables		**504**	90	**–**	–
Goodwill	13	**25,572**	23,974	**–**	–
Derivatives	24	**537**	–	**537**	–
Deferred tax assets	22	**1,062**	1,218	**–**	–
		515,134	481,837	**208,510**	206,542
Current assets					
Cash and short-term deposits	14	**43,686**	53,888	**19,570**	20,362
Trade and other receivables	15	**166,286**	169,526	**2,577**	1,523
Prepayments		**2,305**	3,280	**163**	165
Work-in-progress		**987**	1,002	**–**	–
Inventories	16	**28,679**	33,011	**–**	–
Other assets	17	**3,812**	–	**–**	–
		245,755	260,707	**22,310**	22,050
Current liabilities					
Loans and borrowings	18	**62,104**	25,520	**5,000**	–
Payables and accruals	19	**128,165**	136,840	**1,293**	1,754
Deferred income	20	**3,631**	3,937	**–**	–
Provisions	21	**1,612**	1,272	**–**	–
Income tax payable		**2,848**	5,792	**4**	12
		198,360	173,361	**6,297**	1,766
Net current assets		**47,395**	87,346	**16,013**	20,284
Non-current liabilities					
Loans and borrowings	18	**232,274**	242,495	**70,000**	75,000
Deferred tax liabilities	22	**9,497**	7,983	**–**	–
Deferred income	20	**1,133**	1,299	**–**	–
Other liability	23	**574**	564	**–**	–
Provisions	21	**3,400**	3,550	**–**	–
Derivatives	24	**–**	641	**–**	641
		246,878	256,532	**70,000**	75,641
Net assets		**315,651**	312,651	**154,523**	151,185
Equity attributable to equity holders of the Company					
Share capital	25a	**92,052**	92,052	**92,052**	92,052
Treasury shares	25b	**(1,759)**	(1,860)	**(1,759)**	(1,860)
Reserves		**190,701**	191,624	**64,230**	60,993
		280,994	281,816	**154,523**	151,185
Non-controlling interests		**34,657**	30,835	**–**	–
Total equity		**315,651**	312,651	**154,523**	151,185

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

for the year ended 31 December 2015

Group 2015

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital (Note 25a) $'000	Treasury shares (Note 25b) $'000	Statutory reserve (Note 26) $'000	Foreign currency translation reserve (Note 28) $'000	Retained earnings $'000	Other reserves (Note 27) $'000	Total reserves $'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
Profit for the year	–	–	–	–	20,311	–	20,311	4,595	24,906
Other comprehensive income									
Foreign currency translation	–	–	–	1,113	–	–	1,113	568	1,681
Fair value changes of derivatives	–	–	–	–	–	1,178	1,178	–	1,178
Other comprehensive income for the year, net of tax	–	–	–	1,113	–	1,178	2,291	568	2,859
Total comprehensive income for the year	–	–	–	1,113	20,311	1,178	22,602	5,163	27,765
Contributions by and distributions to owners									
Cost of share-based payment (share options)	–	–	–	–	–	301	301	–	301
Reissuance of treasury shares	–	101	–	–	–	(37)	(37)	–	64
Dividends on ordinary shares (Note 35)	–	–	–	–	(23,789)	–	(23,789)	–	(23,789)
Total transactions with owners in their capacity as owners	–	101	–	–	(23,789)	264	(23,525)	–	(23,424)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(1,341)	(1,341)
Balance at 31 December 2015	92,052	(1,759)	3,000	(2,328)	259,150	(69,121)	190,701	34,657	315,651

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Group 2014

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital (Note 25a)	Treasury shares (Note 25b)	Statutory reserve (Note 26)	Foreign currency translation reserve (Note 28)	Retained earnings	Other reserves (Note 27)	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
Profit for the year	–	–	–	–	32,403	–	32,403	3,393	35,796
Other comprehensive income									
Foreign currency translation	–	–	–	1,136	–	–	1,136	700	1,836
Fair value changes of derivatives	–	–	–	–	–	(641)	(641)	–	(641)
Other comprehensive income for the year, net of tax	–	–	–	1,136	–	(641)	495	700	1,195
Total comprehensive income for the year	–	–	–	1,136	32,403	(641)	32,898	4,093	36,991
Contributions by and distributions to owners									
Cost of share-based payment (share options)	–	–	–	–	–	366	366	–	366
Issuance of shares under share option scheme	1,422	–	–	–	–	(206)	(206)	–	1,216
Purchase of treasury shares	–	(2,447)	–	–	–	–	–	–	(2,447)
Reissuance of treasury shares	–	587	–	–	–	(199)	(199)	–	388
Dividends on ordinary shares (Note 35)	–	–	–	–	(23,877)	–	(23,877)	–	(23,877)
Total transactions with owners in their capacity as owners	1,422	(1,860)	–	–	(23,877)	(39)	(23,916)	–	(24,354)
Acquisition of a subsidiary	–	–	–	–	–	–	–	7,446	7,446
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	(611)	(611)
Balance at 31 December 2014	92,052	(1,860)	3,000	(3,441)	262,628	(70,563)	191,624	30,835	312,651

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity (continued)
for the year ended 31 December 2015

Company 2015

	Attributable to equity holders of the Company					Total equity
	Share capital (Note 25a) $'000	Treasury shares (Note 25b) $'000	Retained earnings $'000	Other reserves (Note 27) $'000	Total reserves $'000	$'000
Balance at 1 January 2015	**92,052**	**(1,860)**	**60,668**	**325**	**60,993**	**151,185**
Profit for the year	**–**	**–**	**25,584**	**–**	**25,584**	**25,584**
Other comprehensive income						
Fair value changes of derivatives	**–**	**–**	**–**	**1,178**	**1,178**	**1,178**
Other comprehensive income for the year, net of tax	**–**	**–**	**–**	**1,178**	**1,178**	**1,178**
Total comprehensive income for the year	**–**	**–**	**25,584**	**1,178**	**26,762**	**26,762**
Cost of share-based payment (share options)	**–**	**–**	**–**	**301**	**301**	**301**
Reissuance of treasury shares	**–**	**101**	**–**	**(37)**	**(37)**	**64**
Dividends on ordinary shares (Note 35)	**–**	**–**	**(23,789)**	**–**	**(23,789)**	**(23,789)**
Balance at 31 December 2015	**92,052**	**(1,759)**	**62,463**	**1,767**	**64,230**	**154,523**

Company 2014

	Attributable to equity holders of the Company					Total equity
	Share capital (Note 25a) $'000	Treasury shares (Note 25b) $'000	Retained earnings $'000	Other reserves (Note 27) $'000	Total reserves $'000	$'000
Balance at 1 January 2014	90,630	–	78,692	1,005	79,697	170,327
Profit for the year	–	–	5,853	–	5,853	5,853
Other comprehensive income						
Fair value changes of derivatives	–	–	–	(641)	(641)	(641)
Other comprehensive income for the year, net of tax	–	–	–	(641)	(641)	(641)
Total comprehensive income for the year	–	–	5,853	(641)	5,212	5,212
Cost of share-based payment (share options)	–	–	–	366	366	366
Issuance of shares under share option scheme	1,422	–	–	(206)	(206)	1,216
Purchase of treasury shares	–	(2,447)	–	–	–	(2,447)
Reissuance of treasury shares	–	587	–	(199)	(199)	388
Dividends on ordinary shares (Note 35)	–	–	(23,877)	–	(23,877)	(23,877)
Balance at 31 December 2014	92,052	(1,860)	60,668	325	60,993	151,185

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit before tax		**32,639**	43,523
Adjustments for			
Depreciation expenses	9	**27,875**	25,075
Dividend income from other investments	4	**(1,437)**	(582)
Interest income		**(199)**	(360)
Interest expense		**14,617**	13,016
(Gain)/loss on disposal of other investments		**(29)**	1
Loss on disposal of vessels, property, plant and equipment	4	**232**	81
Bad debts written off		**1,013**	–
Impairment loss on trade receivables		**515**	1,353
(Reversal of write-down)/write-down of inventories	4	**(15)**	590
Write-back of impairment in value of other investments		**(162)**	(342)
Reversal of provisions	21	**(78)**	–
Write-off of property, plant and equipment	4	**478**	455
Fair value changes of derivatives		**–**	(214)
Share-based payment expenses		**301**	366
Share of results of associates		**(2,685)**	(2,317)
Foreign exchange differences		**(1,243)**	(2,487)
Operating cash flows before working capital changes		**71,822**	78,158
Decrease/(increase) in trade and other receivables		**1,298**	(8,743)
Decrease/(increase) in prepayments		**975**	(160)
Decrease/(increase) in inventories and work-in-progress		**4,362**	(9,740)
Increase in other assets		**(3,812)**	–
Decrease in payables, accruals and provisions		**(9,107)**	(12,392)
(Decrease)/increase in deferred income		**(472)**	76
Cash flows from operations		**65,066**	47,199
Interest paid	6	**(14,617)**	(13,016)
Income tax paid		**(9,007)**	(9,611)
Interest received	4	**199**	360
Net cash flows from operating activities		**41,641**	24,932
Cash flows from investing activities			
Acquisition of vessels, property, plant and equipment	Note A	**(53,503)**	(28,579)
Net cash outflow on acquisition of a subsidiary	10	**–**	(47,364)
(Purchase of)/capital refund from other investments		**(430)**	331
Proceeds from disposal of property, plant and equipment		**297**	116
Proceeds from disposal of other investments		**341**	460
Dividend income from associates		**2,310**	2,194
Dividend income from other investments		**1,437**	582
Net cash flows used in investing activities		**(49,548)**	(72,260)
Cash flows from financing activities			
Proceeds from bank borrowings		**221,961**	128,918
Repayment of bank borrowings		**(200,171)**	(83,289)
Proceeds from issuance of share capital		**–**	1,216
Proceeds from reissuance of treasury shares	25(b)	**64**	388
Purchase of treasury shares	25(b)	**–**	(2,447)
Dividends paid to shareholders	35	**(23,789)**	(23,877)
Dividends paid to non-controlling interests		**(1,341)**	(611)
Net cash flows (used in)/from financing activities		**(3,276)**	20,298
Net decrease in cash and cash equivalents		**(11,183)**	(27,030)
Cash and cash equivalents as at beginning of year		**53,888**	79,183
Effects of exchange rate changes on opening cash and cash equivalents		**981**	1,735
Cash and cash equivalents as at end of year	14	**43,686**	53,888
Note A: Reconciliation on acquisition of vessels, property, plant and equipment			
Addition on vessels, property, plant and equipment	9	**54,203**	29,829
Less: Provision for land reinstatement during the financial year	21	**(700)**	(1,250)
		53,503	28,579

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate information

Pan-United Corporation Ltd (the Company) is a limited liability company incorporated and domiciled in Singapore and is listed on Singapore Exchange Securities Trading Limited (the SGX-ST).

The registered office and principal place of business of the Company is located at 7 Temasek Boulevard, #16-01 Suntec Tower One, Singapore 038987.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 27 Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities Applying the Consolidation Exception	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(c) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS115 Revenue from Contracts with Customers

FRS 115 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures some of its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (continued)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 Transactions with non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars (SGD), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Vessels, property, plant and equipment

All items of vessels, property, plant and equipment are initially recorded at cost.

Subsequent to recognition, vessels, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Vessels	–	12 to 15 years
Drydocking expenses	–	2.5 years
Leasehold land (includes land use rights)	–	Over the remaining lease terms
Leasehold buildings	–	Over the remaining lease terms
Plant and machinery	–	5 to 20 years
Office furniture and equipment	–	3 to 10 years
Cement silos and storage tanks	–	5 to 50 years
Motor vehicles	–	5 to 10 years

Upon acquisition of a vessel, the components of the vessel which are required to be replaced at the next drydocking are identified. The cost of these components is depreciated over the period to the next estimated drydocking date. Costs incurred on subsequent drydocking of vessels are capitalised and depreciated over the period to the next drydocking date. When significant drydocking costs recur prior to the expiry of the depreciation period, the remaining costs of the previous drydocking are written off in the month of the subsequent drydocking.

Assets under construction included in vessels, property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of vessels, property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of vessels, property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Import quota

Import quota costs are recognised as an intangible asset when the Group can demonstrate that the cost to secure the quota is separable, its control over the import quota and how the import quota will generate future economic benefits.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.11 Associates

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.12 Deferred income

Deferred income relates to land lease arrangements and voyages-in-progress. The deferred income from land lease arrangements is credited to profit or loss on a straight-line basis, over the period of the lease term from the contract commencement date.

Deferred income from voyages-in-progress is credited to profit or loss as the voyages progress.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and short-term deposits carried on the balance sheets are classified and accounted for as loans and receivables under FRS 39.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average method and includes all cost incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and after making allowance for damaged, obsolete and slow-moving items.

2.17 Work-in-progress

Work-in-progress comprises cost of voyages-in-progress.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

2.20 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedge is classified as:

– fair value hedges when hedging the exposure to changes in the fair value of recognised assest or liability or an unrecognised firm commitment;

– cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised assest or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

– hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss in other expenses. The Group uses interest rate swap as hedges of its exposure to interest rate risk. Refer to Note 24 for more details.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

The Company has in place the Pan-United Share Option Scheme (Scheme 2002) for granting of options (equity-settled transactions) to eligible directors and employees of the Group to subscribe for shares in the Company. Details of the Scheme 2002 are disclosed in Note 5.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to revenue reserve upon expiry of the options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.23 Leases

(a) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(e).

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) Sale of goods

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

2. Summary of significant accounting policies (continued)

2.24 Revenue (continued)

(b) Rendering of services

Revenue from rendering of services is recognised upon delivery of services.

Charter income is recognised on time apportionment basis.

Freight income is recognised on the percentage of completion method.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period in the countries where the Group operates and generates taxable income.

Current taxes are recognised in profit or loss except to the extent that the taxes relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables on the balance sheet.

2.26 Segment reporting
For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segments' performance. Additional disclosures on each of these segments are shown in Note 34, including the factors used to identify the reportable segments and the measurement basis of segmental information.

2.27 Share capital and share issuance expenses
Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 Contingencies
A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Treasury shares
The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2. Summary of significant accounting policies (continued)

2.30 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Depreciation of vessels, property, plant and equipment

The cost of vessels, property, plant and equipment of the Group is depreciated on a straight-line basis as outlined in Note 2.7 over the estimated useful lives of these assets. The carrying amount of the Group's vessels, property, plant and equipment at 31 December 2015 was $479,494,000 (2014: $449,398,000). Management does not expect any significant changes in the expected level of usage that could impact the economic useful lives, the residual values and future depreciation charges of these assets.

(b) Income taxes

The Group has exposure to income taxes in certain jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payables, deferred tax liabilities and deferred tax assets at 31 December 2015 were $2,848,000 (2014: $5,792,000), $9,497,000 (2014: $7,983,000) and $1,062,000 (2014: $1,218,000) respectively.

(c) Recoverable amount of vessels, property, plant and equipment

The Group assesses whether there are any indicators of impairment for vessels, property, plant and equipment following the guidance of FRS 36. Vessels, property, plant and equipment are tested for impairment annually and at other times when such indicators exists that the carrying amounts may not be recoverable.

The Group evaluates, among other factors, the duration and extent to which the fair value of the vessels, property, plant and equipment is less than its cost; and the financial health of and near-term business outlook for the business operation, including factors such as industry and sector performance, changes in technology and operational and financial cash flows.

There was no impairment loss recorded on vessels, property, plant and equipment for the years ended 31 December 2015 and 2014.

(d) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 15 to the financial statements.

(e) Impairment of goodwill

As disclosed in Note 13 to the financial statements, the recoverable amounts of the cash generating units, which goodwill has been allocated to, are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Any significant adverse change in a key assumption would result in an impairment loss. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13 to the financial statements.

The carrying amount of goodwill as at 31 December 2015 is $25,572,000 (2014: $23,974,000).

3. Revenue

	Group	
	2015	2014
	$'000	$'000
Sale of goods	**711,651**	656,392
Rendering of services	**115,294**	106,805
	826,945	763,197

4. Profit before tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the following items have been included in arriving at profit before tax:

	Group	
	2015	2014
	$'000	$'000
(a) Other income		
Dividend income from		
Available-for-sale investments	**1,437**	554
Held for trading investments	**–**	28
Agency and brokerage income	**1,324**	962
Government grant	**260**	227
Interest income from loans and receivables	**199**	360
Gain on disposal of available-for-sale investments	**29**	–
Others	**1,717**	1,384
	4,966	3,515
(b) Other expenses		
Rental of equipment, maintenance and consumables	**26,068**	24,782
Land rental and land usage tax	**12,876**	11,208
Utilities and telecommunication charges	**6,567**	5,922
Insurance expenses	**1,409**	1,293
Marketing expenses	**1,206**	1,755
Bad debts written off	**1,013**	–
Professional fees	**819**	886
Impairment loss on trade receivables	**515**	1,353
Write-off of property, plant and equipment	**478**	455
Audit fees paid to		
Auditor of the Company	**240**	241
Other auditors	**125**	137
Non-audit fees paid to		
Auditor of the Company	**6**	5
Foreign exchange (gain)/loss	**(3)**	645
(Reversal of write-down)/write-down of inventories	**(15)**	590
Other facilities and office expenses	**7,889**	6,773
	59,193	56,045

5. Staff costs

	Group	
	2015	2014
	$'000	$'000
Staff costs (including executive directors)		
Salaries, allowances and bonuses	**31,773**	30,228
Central Provident Fund and other retirement contribution plans	**2,147**	1,722
Share-based payment (share options)	**301**	366
Other personnel-related expenses	**5,285**	5,840
	39,506	38,156

Share option scheme

Under the Pan-United Share Option Scheme (Scheme 2002), share options are granted to eligible directors and employees of the Company, its subsidiaries and associates.

(i) The grantee has to be at least 21 years of age and is not an undischarged bankrupt and has not entered into a composition with its creditors.

(ii) The Scheme 2002 is administered by the Remuneration Committee, who shall determine at its own discretion, the number of shares over which the options are to be offered, taking into account criteria such as the rank, seniority, length of service, performance and potential for future contributions of the grantee and performance of the Group.

(iii) Options granted to executive directors and employees will have a life span of ten years whereas options granted to non-executive directors will have a life span of five years.

(iv) The exercise price of the options shall be equal to the average of the last dealt prices for the Company's shares for the three consecutive trading days immediately preceding the relevant date of grant.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2015		2014	
	No. of share options	**WAEP ($)**	No. of share options	WAEP ($)
Outstanding at beginning of year	**6,113,500**	**0.88**	6,435,000	0.75
Granted during the year (Note a)	**2,486,000**	**0.60**	2,461,000	0.87
Exercised during the year (Note b)	**(118,000)**	**0.55**	(2,782,500)	0.58
Forfeited during the year	**(146,000)**	**0.88**	–	–
Outstanding at end of year (Note c)	**8,335,500**	**0.80**	6,113,500	0.88
Exercisable at end of year	**4,045,500**	**0.87**	1,885,500	0.88

Notes

(a) The weighted average fair value of options granted during the year was $0.09 (2014: $0.12).

(b) The weighted average share price at the dates of exercise for the options exercised was $0.76 (2014: $0.96).

(c) The range of exercise prices for options outstanding at the end of the year was $0.47 to $0.99 (2014: $0.47 to $0.99). The weighted average remaining contractual life for these options is 7 years (2014: 8 years).

The fair value of share options as at the date of grant, is estimated using a binomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the financial model used for the options granted are shown below:

	2015	2014
Dividend yield (%)	**7.14**	5.95
Expected volatility (%)	**30.90**	31.00
Risk-free interest rate (%)	**1.16**	0.38
Average expected life of option (years)	**4.24**	4.24
Share price ($) at grant date	**0.60**	0.84

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

6. Finance costs

	Group	
	2015	2014
	$'000	$'000
Interest expense on bank loans	**14,617**	13,016
Others	**172**	187
	14,789	13,203

7. Income tax

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	2014
	$'000	$'000
Income statement		
Current income tax		
Current income taxation	**7,325**	8,111
Over provision in respect of previous years	**(1,262)**	(814)
Deferred income tax		
Movement in temporary differences	**792**	274
Over provision in respect of previous years	**(49)**	(597)
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**927**	753
Income tax expense recognised in profit or loss	**7,733**	7,727

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	2014
	$'000	$'000
Profit before tax	**32,639**	43,523
Tax at the domestic rates applicable to profits in the countries where the Group operates	**7,507**	8,876
Adjustments:		
Expenses not allowable for tax purpose	**1,762**	1,407
Effect of partial tax exemption	**(431)**	(446)
Income not subject to taxation	**(667)**	(525)
Overseas income subject to different tax rate	**(82)**	(53)
Deferred tax assets not recognised	**–**	363
Over provision in respect of previous years	**(1,311)**	(1,411)
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**927**	753
Benefits from previously unrecognised tax losses	**(1)**	(1,237)
Others	**29**	–
Income tax expense recognised in profit or loss	**7,733**	7,727

Under Section 13A of the Singapore Income Tax Act, profits derived from the operation and charter of Singapore registered vessels outside Singapore coastal limits are exempted from income tax.

According to People's Republic of China Corporate Income Tax Law Implementing Regulation, Article 87 of the State Council, Changshu Changjiang International Port Co., Ltd (CCIP) is entitled to three years of full tax exemption followed by three years of 50% tax concession preferential corporate income tax starting from financial year 2012 and ending in financial year 2017. Tax rate for CCIP as at 31 December 2015 is 12.5%.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

8. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares under the Scheme 2002 into ordinary shares.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December 2015 and 2014:

	Group	
	2015 **$'000**	2014 $'000
Profit for the year attributable to equity holders of the Company used in computation of basic and diluted earnings per share	**20,311**	32,403
	No. of shares **'000**	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share computation	**559,778**	559,215
Effect of dilution on share options	**612**	643
Weighted average number of ordinary shares for diluted earnings per share computation	**560,390**	559,858

9. Vessels, property, plant and equipment

	Group							
	Vessels **$'000**	**Drydocking expenses** **$'000**	**Leasehold land** **$'000**	**Leasehold buildings** **$'000**	**Plant and machinery** **$'000**	**Construction-in-progress** **$'000**	**Other assets** **$'000**	**Total** **$'000**
Cost								
At 1 January 2014	58,467	4,595	28,704	145,984	140,216	32,956	15,164	426,086
Acquisition of a subsidiary	–	–	46,136	18,330	940	84,453	4,064	153,923
Additions	–	2,165	101	1,568	12,663	6,265	7,067	29,829
Disposals	–	–	–	–	(790)	–	(499)	(1,289)
Write-off	–	–	–	(126)	(1,272)	–	(40)	(1,438)
Reclassification	–	–	4,244	76,707	26,235	(118,896)	11,710	–
Exchange differences	–	–	2,530	3,844	1,083	3,587	971	12,015
At 31 December 2014 and 1 January 2015	58,467	6,760	81,715	246,307	179,075	8,365	38,437	619,126
Additions	–	152	–	9,646	10,803	26,767	6,835	54,203
Disposals	–	–	–	–	(1,442)	–	(972)	(2,414)
Write-off	–	–	–	(1,170)	(1,626)	–	(75)	(2,871)
Reclassification	–	–	–	294	3,307	(3,614)	13	–
Exchange differences	–	–	1,095	5,338	466	(940)	(191)	5,768
At 31 December 2015	58,467	6,912	82,810	260,415	190,583	30,578	44,047	673,812

	Group							
	Vessels $'000	**Drydocking expenses $'000**	**Leasehold land $'000**	**Leasehold buildings $'000**	**Plant and machinery $'000**	**Construction-in-progress $'000**	**Other assets $'000**	**Total $'000**
Accumulated depreciation								
At 1 January 2014	20,785	3,037	10,269	30,230	65,187	–	5,187	134,695
Acquisition of a subsidiary	–	–	3,570	4,143	344	–	1,571	9,628
Depreciation charge for the year	4,111	1,666	1,407	4,805	10,119	–	2,967	25,075
Disposals	–	–	–	–	(711)	–	(381)	(1,092)
Write-off	–	–	–	(58)	(891)	–	(34)	(983)
Exchange differences	–	–	355	797	636	–	617	2,405
At 31 December 2014 and 1 January 2015	24,896	4,703	15,601	39,917	74,684	–	9,927	169,728
Depreciation charge for the year	4,111	1,270	1,802	5,664	11,479	–	3,549	27,875
Disposals	–	–	–	–	(1,286)	–	(599)	(1,885)
Write-off	–	–	–	(1,111)	(1,216)	–	(66)	(2,393)
Exchange differences	–	–	272	800	320	–	(399)	993
At 31 December 2015	29,007	5,973	17,675	45,270	83,981	–	12,412	194,318
Net carrying amount								
At 31 December 2015	29,460	939	65,135	215,145	106,602	30,578	31,635	479,494
At 31 December 2014	33,571	2,057	66,114	206,390	104,391	8,365	28,510	449,398

9. Vessels, property, plant and equipment (continued)

Vessels comprise tugboats and barges. Plant and machinery include civil and structure work of silos. Other assets comprise mainly office furniture and equipment, storage tanks and motor vehicles.

Assets pledged as security

The Group's property, plant and equipment with a carrying amount of $223,051,000 (2014: $225,663,000) are mortgaged to secure the Group's bank loans (Note 18).

Impairment of assets

There was no impairment loss recorded for the financial years ended 31 December 2015 and 2014.

	Company
	Other assets
	$'000
Cost	
At 1 January 2014	830
Additions	216
Disposals	(32)
At 31 December 2014 and 1 January 2015	1,014
Additions	17
Disposals	(207)
At 31 December 2015	824
Accumulated depreciation	
At 1 January 2014	597
Depreciation charge for the year	127
Disposals	(32)
At 31 December 2014 and 1 January 2015	692
Depreciation charge for the year	62
Disposals	(52)
At 31 December 2015	702
Net carrying amount	
At 31 December 2015	122
At 31 December 2014	322

10. Subsidiaries

	Company 2015 $'000	Company 2014 $'000
Unquoted equity shares, at cost	**26,277**	26,277
Allowance for impairment	**(2,466)**	(2,466)
	23,811	23,811
Amounts due from subsidiaries	**217,953**	200,358
Amounts due to subsidiaries	**(34,473)**	(17,949)
	183,480	182,409
	207,291	206,220

The amounts due from subsidiaries are non-interest bearing, non-trade in nature, unsecured, not expected to be repaid in the next twelve months and are to be settled in cash.

Details of the subsidiaries are as follows:

	Name of subsidiaries (Country of incorporation)	Principal activities	Effective shareholding held by the Group 2015 %	2014 %
(a)	Singapore Changshu Development Company Pte Ltd (Singapore)	Investment holding	**90**	90
	Pan-United Shipping Pte Ltd (Singapore)	Provision of shipping services and trading	**100**	100
	Pan-United Industries Pte Ltd (Singapore)	Trading and supply of refined petroleum products, ready-mixed concrete and granite aggregate	**100**	100
(a)	United Cement Pte Ltd (Singapore)	Cement silo operator and cement trading and distribution	**100**	100
	P.U. Harmony Pte Ltd (Singapore)	Provision of ship chartering services	**100**	100
	P.U. Vision Pte Ltd (Singapore)	Provision of ship chartering services	**100**	100
	Tinggi Shipping Pte Ltd (Singapore)	Provision of ship chartering services	**100**	100
	United Bulk Shipping Pte Ltd (Singapore)	Provision of shipping services	**51**	51
	Pan-United Investments Pte Ltd (Singapore)	Investment holding	**100**	100
	Pan-United Infrastructure Pte Ltd (Singapore)	Investment holding	**100**	100
(a)	Pan-United International Pte Ltd (Singapore)	Investment holding	**100**	100
(a)	Changshu Xinghua Port Co., Ltd (People's Republic of China)	Operation of a port and related services	**86**	86
(a)	Pan-United Asphalt Pte Ltd (Singapore)	Production of asphalt, building and repairing of roadways	**100**	100
(a)	Pan-United Concrete Pte Ltd (Singapore)	Manufacture and supply of ready-mixed concrete and related products	**100**	100

	Name of subsidiaries (Country of incorporation)	Principal activities	Effective shareholding held by the Group 2015 %	2014 %
(a)	Priscojaya Sdn Bhd (Malaysia)	Quarry operator	**– (c)**	80
(a)	Blue Star Services Sdn Bhd (Malaysia)	Quarry operator	**100**	100
(a)	Pan-United Resources Pte Ltd (Singapore)	Investment holding and general trading	**100**	100
(a)	Pan-United Bulk Trade (2010) Pte Ltd (Singapore)	Investment holding and general trading	**100**	100
(a)	Resources Development (2010) Pte Ltd (Singapore)	Investment holding and general trading	**100**	100
(a)	PT. Pacific Granitama (Indonesia)	Quarry operator	**80**	80
(a)	Fico Pan-United Concrete Joint Stock Company (Vietnam)	Manufacture and supply of ready-mixed concrete and related products	**55**	55
(a)	Raffles Cement Pte Ltd (Singapore)	Cement silo operator, cement trading and distribution	**49 (b)**	49 (b)
(a)	Raffles Concrete Pte Ltd (Singapore)	Manufacture and supply of ready-mixed concrete and related products	**100**	100
(a)	Batubara Development Pte Ltd (Singapore)	Investment holding and general trading	**– (d)**	100
(a)	Cresco Development Pte Ltd (Singapore)	Investment holding and general trading	**100**	100
(a)	Salvus Development Pte Ltd (Singapore)	Investment holding and general trading	**100**	100
(a)	PT. Pan-United Concrete (Indonesia)	Investment holding and general trading	**100 (e)**	100 (e)
(a)	Meridian Maplestar Sdn Bhd (Malaysia)	General exploration and trading of basic building materials	**100**	100
(a)	Changshu Changjiang International Port Co., Ltd (People's Republic of China)	Operation of a port and related services	**77**	77
(a)	Fortis Star Sdn Bhd (Malaysia)	General exploration and trading of basic building materials	**100**	100

(a) Held by subsidiaries.

(b) Although the Group owns less than half of the voting power of the entity, management has determined that it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consequently, the Group consolidates this investment as a subsidiary of the Group.

(c) Liquidated during the financial year ended 31 December 2015.

(d) Disposed during the financial year ended 31 December 2015.

(e) Not required to be audited for the financial year ended 31 December 2015 as it has not commenced operation.

Interest in subsidiaries with material non-controlling interests (NCI)

Name of subsidiaries	**Principal place of business**	**Proportion of ownership interest held by NCI**	**Profit allocated to NCI during the reporting period $'000**	**Accumulated NCI at the end of reporting period $'000**	**Dividends paid to NCI $'000**
As at 31 December 2015					
Singapore Changshu Development Company Pte Ltd (Group)	Singapore	10%	1,938	14,151	–
As at 31 December 2014					
Singapore Changshu Development Company Pte Ltd (Group)	Singapore	10%	1,504	11,832	–

Summarised financial information about subsidiaries with material NCI
Summarised balance sheets

	Singapore Changshu Development Company Pte Ltd (Group)	
	2015 $'000	2014 $'000
Total assets	**357,686**	359,487
Total liabilities	**216,174**	241,172
Net assets	**141,512**	118,315

Summarised statement of comprehensive income

	Singapore Changshu Development Company Pte Ltd (Group)	
	2015 $'000	2014 $'000
Revenue	**96,195**	80,939
Profit before tax	**26,286**	18,962
Income tax expense	**(6,911)**	(3,926)
Profit after tax	**19,375**	15,036
Other comprehensive income	**–**	–
Total comprehensive income	**19,375**	15,036

Other summarised information

	Singapore Changshu Development Company Pte Ltd (Group)	
	2015 $'000	2014 $'000
Net cash flows from operations	**18,192**	9,078
Acquisition of property, plant and equipment	**8,056**	1,553

10. Subsidiaries (continued)

Acquisition of a subsidiary

On 24 March 2014, the Group's subsidiary, Changshu Xinghua Port Co., Ltd (CXP) completed the acquisition of a 90% equity interest in Changshu Changjiang International Port Co., Ltd (CCIP), a port in the People's Republic of China. Upon completion of the acquisition, CCIP became a subsidiary of the Group.

The Group acquired CCIP in order to strengthen its position as a leading port operator along the Yangtze River in the People's Republic of China and to increase the handling capacity. The acqusition is also expected to reduce costs through economies of scale.

The Group has elected to measure the non-contolling interest at the non-controlling interest's proportionate share of CCIP's net identifiable assets.

The fair values of identifiable assets and liabilities of CCIP at the date of acquisition were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	144,295
Trade and other receivables	4,694
Inventories	30
Cash and cash equivalents	41,276
	190,295
Trade and other payables	(27,940)
Long term bank loan	(87,899)
	(115,839)
Total identifiable net assets at fair value	74,456
Non-controlling interest measured at the non-controlling interest's proportionate share of CCIP's net identifiable assets	(7,445)
Goodwill arising from acquisition	21,629
Consideration transferred for the acquisition of CCIP	88,640

Effect of the acquisition of CCIP on cash flows

	$'000
Total consideration transferred	88,640
Less cash and cash equivalents of CCIP acquired	(41,276)
Net cash outflow on acquisition	47,364

Goodwill arising from acquisition

The goodwill of $21,629,000 comprises the value of strengthening the Group's port presence in Yangtze River Delta Economic Zone. The complementary operations of CXP and CCIP and their close proximity which provide much commercial and operational synergy are expected to increase and boost the Group's market share and position as one of China's key logistics hubs.

Impact of the acquisition on profit and loss

From the acquisition date, CCIP has contributed $12,376,000 of revenue and $1,788,000 to the Group's profit after tax for the year. If the business combination had taken place at beginning of the year, the Group's revenue would have been $767,322,000 and the Group's profit, net of tax would have been $36,392,000.

11. Associates

	Group	
	2015	2014
	$'000	$'000
Unquoted equity shares, at cost	**3,172**	3,172
Share of post-acquisition reserves	**2,332**	1,957
Exchange differences	**257**	125
Carrying amount of investments	**5,761**	5,254

Name of associates (Country of incorporation)	**Principal activities**	**Percentage of equity interest**	
		2015	2014
		%	%
(a) Changshu Westerlund Warehousing Co., Ltd (People's Republic of China)	Provision of services to receive, warehouse and distribute forestry products and other related products	**25**	25
(b) Changshu Xinghua Transportation Co., Ltd (People's Republic of China)	Provision of logistic services	**49**	49

The associates are held by a subsidiary.

(a) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP in the People's Republic of China.

(b) This associate is currently dormant and not considered significant as defined under Rule 716 of the Listing Manual of SGX-ST.

The summarised financial information of the associates, not adjusted for proportion of ownership interest held by the Group, is as follows:

Summarised balance sheets

	Changshu Westerlund Warehousing Co., Ltd		**Changshu Xinghua Transportation Co., Ltd**	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current assets	**27,567**	24,169	**378**	369
Non-current assets	**7,422**	8,310	**3**	4
Total assets	**34,989**	32,479	**381**	373
Current liabilities	**11,916**	11,076	**2**	2
Net asset	**23,073**	21,403	**379**	371
Proportion of the Group's ownership	**25%**	25%	**49%**	49%
Group's share of net assests	**5,768**	5,350	**186**	182
Other adjustments	**(7)**	(96)	**(186)**	(182)
Carrying amount of the investment	**5,761**	5,524	**–**	–

Summarised statement of comprehensive income

	2015	2014
	$'000	$'000
Revenue	**66,482**	59,118
Profit after tax	**10,369**	8,946
Other comprehensive income	**–**	–
Total comprehensive income	**10,369**	8,946

12. Other investments

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Non-current				
Available-for-sale investments				
At cost				
Unquoted equity investments	**6,247**	8,154	**614**	2,210
Others	**383**	330	**–**	–
	6,630	8,484	**614**	2,210
Less impairment in value	**(4,426)**	(6,581)	**(54)**	(2,210)
Total other investments	**2,204**	1,903	**560**	–

13. Goodwill

	Group	
	2015	2014
	$'000	$'000
At 1 January	**23,974**	2,345
Acquisition of equity interests	**–**	21,842
Exchange differences	**1,598**	(213)
At 31 December	**25,572**	23,974

Goodwill amounting to $2,345,000 and $23,227,000 arose from the acquisition of equity interests in PT. Pacific Granitama (80%) and Changshu Changjiang International Port Co., Ltd (77%) respectively.

Impairment testing of goodwill
For PT. Pacific Granitama (PTPG), the recoverable amount was determined based on value in use calculations using the cash flow projections from financial budgets approved by management.

For Changshu Changjiang International Port Co., Ltd (CCIP), the recoverable amount of CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are as follows:-

	PTPG	**CCIP**
Growth rates	0 – 29% (a)	1 – 4%
Pre-tax discount rates	12%	8%
Terminal growth rate	–	4%

(a) 2016: 29% and 2017 onwards: 0%

Key assumptions used in the value in use calculations
The calculations of value in use for both the CGUs are most sensitive to the following assumptions:

Growth rates – The forecasted growth rates are based on management's best estimate and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates.

Sensitivity to changes in assumptions

Management has performed sensitivity test on the growth rates, pre-tax discount rates and terminal growth rate and is of the view that no impairment charge is required for the financial year ended 31 December 2015.

14. Cash and short-term deposits

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Cash at banks	**41,070**	46,757	**19,570**	15,361
Short-term deposits	**2,616**	7,131	**–**	5,001
Cash and short-term deposits	**43,686**	53,888	**19,570**	20,362

Cash at banks earned interest at the average of 0.20% (2014: 0.25%) per annum. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The effective interest rate of short-term deposits ranges from 0.30% to 1.49% (2014: 0.22% to 0.53%) per annum.

15. Trade and other receivables

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Trade and other receivables (current)				
Trade receivables	**156,505**	159,352	**–**	–
Amounts due from associates	**2,516**	4,630	**–**	–
Amounts due from subsidiaries	**–**	–	**2,523**	1,429
Refundable deposits	**1,961**	1,616	**1**	5
Sundry receivables	**5,304**	3,928	**53**	89
Total trade and other receivables	**166,286**	169,526	**2,577**	1,523
Other receivables (non-current)				
Loan to sub-contractor	**504**	90	**–**	–
	166,790	169,616	**2,577**	1,523
Add: Cash and short-term deposits (Note 14)	**43,686**	53,888	**19,570**	20,362
Total loans and receivables	**210,476**	223,504	**22,147**	21,885

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Related party balances

Amounts due from associates are unsecured, non-interest bearing and are to be settled in cash. These are generally on 30 to 90 days' term.

Amounts due from subsidiaries are non-interest bearing and are repayable upon demand. These amounts are non-trade in nature, unsecured and are to be settled in cash.

The carrying values of these amounts approximate their fair values due to their short-term nature.

15. Trade and other receivables (continued)

Receivables that are past due but not impaired

The Group has trade receivables amounting to $82,579,000 (2014: $105,299,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2015	2014
	$'000	$'000
Trade receivables past due		
Less than 30 days	**49,631**	60,485
30 to 60 days	**20,922**	30,006
61 to 90 days	**5,944**	7,778
91 to 120 days	**3,413**	4,028
More than 120 days	**2,669**	3,002
	82,579	105,299

Receivables that are impaired

The Group's trade receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	Individually impaired	
	2015	2014
	$'000	$'000
Trade receivables – nominal amounts	**4,221**	4,009
Less: Allowance for impairment	**(4,221)**	(4,009)
	–	–
Movement in allowance accounts		
At 1 January	**4,009**	3,907
Charge for the year	**515**	1,353
Written off	**(321)**	(1,265)
Exchange differences	**18**	14
At 31 December	**4,221**	4,009

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

16. Inventories

	Group	
	2015	2014
	$'000	$'000
Balance sheet		
Raw materials	**10,872**	14,940
Finished goods	**12,356**	10,183
Consumables	**5,451**	7,888
	28,679	33,011
Income statement		
Inventories recognised as an expense in raw materials, subcontract costs and other direct costs	**469,693**	421,410
Inventories recognised as an expense		
Inventories written-down	**–**	590
Reversal of write-down of inventories	**(15)**	–

The reversal of write-down of inventories was made when the related inventories previously identified as obsolete were subsequently consumed during the year.

17. Other assets

Other assets relate to import quota as a right to import from traditional source which is regulated by Building and Construction Authority (BCA). BCA has an Importers' Licencing Scheme which applies to any person in the business of importing sand and granite. This scheme regulates importers of essential construction materials to ensure a secure and reliable supply in Singapore of acceptable quality. Under this scheme, the Group is required to import certain prescribed percentage from non-traditional sources before it is allowed to import the remaining from traditional sources.

18. Loans and borrowings

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Current				
Secured (Note a)	**14,729**	19,769	**–**	–
Unsecured (Note b)	**47,375**	5,751	**5,000**	–
	62,104	25,520	**5,000**	–
Non-current				
Secured (Note c)	**159,004**	122,339	**–**	–
Unsecured (Note d)	**73,270**	120,156	**70,000**	75,000
	232,274	242,495	**70,000**	75,000
Total bank loans	**294,378**	268,015	**75,000**	75,000

Notes

The secured bank loans are backed by mortgages over certain assets of foreign subsidiaries.

(a) Details of the current secured bank loans are as follows:

(i) $11,036,000 (2014: $17,522,000) are denominated in Renminbi and bear interest of 4.90% to 6.77% (2014: 6.15% to 6.77%) per annum.

(ii) $3,693,000 (2014: $2,247,000) are denominated in Vietnamese Dong and bear interest of 7.00% to 8.20% (2014: 8.00% to 8.50%) per annum.

(b) Details of the current unsecured bank loans are as follows:

(i) $436,000 (2014: $5,751,000) are denominated in Renminbi and bear interest of 6.46% (2014: 6.22% to 6.46%) per annum.

(ii) $37,000,000 (2014: Nil) are denominated in Singapore dollars and bear interest of 1.37% to 1.65% (2014: Nil) per annum.

(iii) $4,939,000 (2014: Nil) are denominated in US dollars and bear interest of 1.06% (2014: Nil) per annum.

(iv) $5,000,000 (2014: Nil) are denominated in Singapore dollars and bear interest, comprising fixed and variable components, of 2.08% to 3.00% (2014: Nil) per annum. The variable component was hedged using an interest rate swap (Note 24).

(c) The non-current secured bank loans of $159,004,000 (2014: $122,339,000) are denominated in Renminbi and bear interest of 4.90% to 6.77% (2014: 6.15% to 6.77%) per annum. The loans are repayable between 2016 and 2024.

(d) Details of the non-current unsecured bank loans are as follows:

(i) $3,270,000 (2014: $45,156,000) are denominated in Renminbi and bear interest of 6.46% (2014: 6.22% to 6.46%) per annum. The loans are repayable in 2017.

(ii) $70,000,000 (2014: $75,000,000) are denominated in Singapore dollars and bear interest, comprising fixed and variable components, of 2.08% to 3.00% (2014: 1.52% to 2.08%) per annum. The variable component was hedged using an interest rate swap (Note 24). The loan is repayable between 2016 and 2018.

19. Payables and accruals

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Payables and accruals (current)				
Trade payables	**93,162**	92,544	**–**	–
Other payables	**23,143**	28,662	**213**	400
Accruals	**11,860**	15,634	**1,080**	1,354
Total payables and accruals	**128,165**	136,840	**1,293**	1,754
Other liability (non-current)				
Advances from non-controlling interest (Note 23)	**574**	564	**–**	–
Add: Loans and borrowings (Note 18)	**294,378**	268,015	**75,000**	75,000
Total financial liabilities carried at amortised cost	**423,117**	405,419	**76,293**	76,754

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days' terms while other payables have an average term of six months.

20. Deferred income

	Group	
	2015	2014
	$'000	$'000
Income recognisable within 12 months		
Voyages-in-progress	**3,444**	3,754
Lease income	**187**	183
	3,631	3,937
Income recognisable thereafter		
Lease income	**1,133**	1,299
	4,764	5,236

In 1997 and 2000, a subsidiary of the Group separately entered into two contracts with an associate for the lease of two plots of land, the land-use-rights of which are owned by the subsidiary. Under the contracts, the associate is required to pay the lease price of USD2,726,000.

Both the lease contracts have a lease term of 25 years. Upon receipt of written request of the associate and subject to satisfactory fulfilment of certain conditions as stipulated in the lease contracts, the associate has the right to extend the lease for terms to be agreed by the subsidiary and the associate.

The subsidiary recognises the fully paid lease income over the lease term of 25 years from the contract commencement date.

21. Provisions

	Group Land reinstatement cost $'000
At 1 January 2014	3,873
Recognised during the financial year	1,250
Utilised	(301)
At 31 December 2014 and 1 January 2015	4,822
Recognised during the financial year	700
Utilised	(432)
Unused amounts reversed	(78)
At 31 December 2015	5,012
Current 2015	1,612
Non-current 2015	3,400
	5,012
Current 2014	1,272
Non-current 2014	3,550
	4,822

Provision for land reinstatement cost is determined based on past experience. The cost is capitalised as part of plant and machinery in vessels, property, plant and equipment and amortised over the remaining leasehold periods.

22. Deferred tax

Deferred income tax as at 31 December relates to the following:

	Group	
	2015 $'000	2014 $'000
(a) Deferred tax liabilities		
Balance at beginning of year	**7,983**	6,529
Origination and reversal of temporary differences	**587**	701
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**927**	753
Balance at end of year	**9,497**	7,983
The deferred tax liabilities principally arise as a result of		
Excess of net book value over tax written down value of vessels, property, plant and equipment	**6,315**	5,728
Provision for withholding tax on undistributed earnings of foreign subsidiaries	**3,182**	2,255
	9,497	7,983
(b) Deferred tax assets		
Balance at beginning of year	**1,218**	194
Origination and reversal of temporary differences	**(156)**	1,024
Balance at end of year	**1,062**	1,218
The deferred tax assets principally arise as a result of		
Provisions	**229**	165
Unutilised tax losses	**833**	1,053
	1,062	1,218

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately $23,000 (2014: $31,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

22. Deferred tax (continued)

Tax consequences of proposed dividends

There are no income tax consequences (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 35).

23. Other liability

Other liability relates mainly to advances from non-controlling interests, which are denominated in Vietnamese Dong, unsecured, non-trade related and bear interest of 6.90% to 7.50% (2014: 7.50% to 9.50%) per annum.

24. Derivatives

	Group and Company					
	2015			2014		
	Contract/ Notional amount $'000	**Asset $'000**	**Liability $'000**	Contract/ Notional amount $'000	Asset $'000	Liability $'000
Interest rate swap	**75,000**	**537**	**–**	75,000	–	(641)

The interest rate swap receives floating interest equal to 3 months SOR, and pays a fixed rate of interest of 1.79% per annum and matures on 13 September 2018. The accounting policy for hedge accounting is set out in Note 2.20.

25. Share capital and treasury shares

	Group and Company			
	2015		2014	
	No. of shares '000	**$'000**	No. of shares '000	$'000
(a) Share capital				
Issued and fully paid				
At 1 January	**561,819**	**92,052**	559,717	90,630
Exercise of employee share options	**–**	**–**	2,102	1,422
At 31 December	**561,819**	**92,052**	561,819	92,052

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Under the Scheme 2002, share options are granted to eligible employees and directors of the Company, its subsidiaries and associates.

	Group and Company			
	2015		2014	
	No. of shares '000	**$'000**	No. of shares '000	$'000
(b) Treasury shares				
At 1 January	**(2,159)**	**(1,860)**	–	–
Acquired during the financial year	**–**	**–**	(2,840)	(2,447)
Reissued for cash				
On exercise of employee share options	**118**	**64**	681	388
Transferred from share option reserve (Note 27a)	**–**	**11**	–	68
Loss on reissuance of treasury shares	**–**	**26**	–	131
At 31 December	**(2,041)**	**(1,759)**	(2,159)	(1,860)

Treasury shares relate to ordinary shares of the Company held by the Company.

The Company acquired 2,840,000 of ordinary shares in the Company by way of market purchases in 2014. The total amount paid to acquire the shares was $2,447,000 and this was presented as a component within the shareholders' equity.

The Company reissued 118,000 (2014: 681,000) treasury shares pursuant to Scheme 2002 during the current financial year.

26. Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the People's Republic of China (PRC), the subsidiary is required to make appropriation to a Statutory Reserve Fund (SRF).

The SRF of the Group comprises the reserve fund, enterprise expansion fund and staff bonus and welfare fund.

The reserve fund is not free for distribution as dividends but it can be used to offset losses or be capitalised as capital. The enterprise expansion fund can be used to expand an enterprise's production and operations and the staff bonus and welfare fund can be used for rewards and collective welfare for employees. The appropriation to the staff bonus and welfare fund is charged to the profit or loss as it is a liability due to employees.

27. Other reserves

	Group		Company	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Employee share option reserve	**837**	547	**837**	547
Gain on reissuance of treasury shares	**393**	419	**393**	419
Hedging reserve	**537**	(641)	**537**	(641)
Premium paid on acquisition of non-controlling interests	**(70,888)**	(70,888)	**–**	–
	(69,121)	(70,563)	**1,767**	325

(a) Employee share option reserve

Employee share option reserve represents the equity-settled share options granted to employees (Note 5). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

	Group and Company	
	2015	2014
	$'000	$'000
At 1 January	**547**	455
Cost of share-based payment (share options)	**301**	366
Issuance of shares under share option scheme	**–**	(206)
Reissuance of treasury shares pursuant to share option scheme (Note 25b)	**(11)**	(68)
At 31 December	**837**	547

(b) Loss on reissuance of treasury shares

This represents the loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

	Group and Company	
	2015	2014
	$'000	$'000
At 1 January	**419**	550
Loss on reissuance of treasury shares	**(26)**	(131)
At 31 December	**393**	419

28. Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

	Group	
	2015	2014
	$'000	$'000
At 1 January	**(3,441)**	(4,577)
Net effect of exchange differences arising from translation of financial statements of foreign operations	**1,113**	1,136
At 31 December	**(2,328)**	(3,441)

29. Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements is as follows:

	Group	
	2015	2014
	$'000	$'000
Capital commitments in respect of plant and machinery	**26,908**	20,605

(b) Operating lease commitments – as lessee

As at the end of the reporting period, future minimum rentals payable under non-cancellable leases are as follows:

	Group	
	2015	2014
	$'000	$'000
Within one year	**9,090**	7,562
After one year and within five years	**11,754**	12,248
More than five years	**5,173**	5,666
	26,017	25,476

The Group's operating lease commitments are mainly for leasehold land. The annual rent payable on these leases is subject to the market rates prevailing at time of revision.

Operating lease payments recognised in the consolidated income statement during the year ended 31 December 2015 amount to $11,739,000 (2014: $9,773,000).

(c) Operating lease commitments – as lessor

As at the end of the reporting period, future minimum lease payments to be received under non-cancellable leases are as follows:

	Group	
	2015	2014
	$'000	$'000
Within one year	**7,038**	1,633
After one year and within five years	**10,602**	1,148
	17,640	2,781

The above balances are amounts in relation to leases on the Group's property. These non-cancellable leases have remaining lease terms of one to three years (2014: one to three years).

30. Related party disclosures

An entity or individual is considered a related party of the group for the purposes of the financial statements if: (i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the group or vice versa; or (ii) it is subject to common control or common significant influence.

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the financial year at terms agreed between the parties:

	Group	
	2015	2014
	$'000	$'000
Transactions with associates		
Discharging fee income	**20,252**	20,570
Wharfage fee income	**6,751**	6,375
Warehousing service income	**3,700**	4,398
Management income	**121**	118
(b) Compensation of key management personnel		
Short-term employee benefits	**3,332**	5,373
Central Provident Fund contributions	**91**	82
	3,423	5,455
Comprise amounts paid to		
Directors of the Company	**1,489**	3,466
Other key management personnel	**1,934**	1,989
	3,423	5,455

The remuneration of key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

Directors' and key management personnel's interests in employee share option plan

During the financial year, 750,000 share options were granted to non-executive directors at an exercise price of $0.60 each and exercisable between 19 November 2016 and 18 November 2020 under Scheme 2002.

31. Fair value of financial instruments

Fair value hierarchy

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other than quoted prices included with Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

		Group				**Company**			
		2015 $'000		2014 $'000		**2015 $'000**		2014 $'000	
	Notes	**Quoted prices in active markets for identical instruments Level 1**	**Significant other observable inputs Level 2**	Quoted prices in active markets for identical instruments Level 1	Significant other observable inputs Level 2	**Quoted prices in active markets for identical instruments Level 1**	**Significant other observable inputs Level 2**	Quoted prices in active markets for identical instruments Level 1	Significant other observable inputs Level 2
Financial assets									
Derivatives									
Interest rate swap	24	**–**	**537**	–	–	**–**	**537**	–	–
		–	**537**	–	–	**–**	**537**	–	–
Financial liabilities									
Derivatives									
Interest rate swap	24	**–**	**–**	–	641	**–**	**–**	–	641
		–	**–**	–	641	**–**	**–**	–	641

Determination of fair value

Interest rate swap contracts (Note 24) are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		Group				**Company**			
		2015 $'000		2014 $'000		**2015 $'000**		2014 $'000	
	Notes	**Carrying amount**	**Fair value**	Carrying amount	Fair value	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets									
Available-for-sale investments, net	12	**2,204**	**(i)**	1,903	(i)	**560**	**(i)**	–	(i)
Amounts due from subsidiaries, net	10	**–**	**–**	–	–	**183,480**	**(ii)**	182,409	(ii)

(i) Available-for-sale investments carried at cost (Note 12)

Fair value information has not been disclosed for the Group's investments in unquoted equity instruments and other available-for-sale investments that are carried at cost because their fair values cannot be measured reliably. These unquoted equity instruments represent ordinary shares in companies that are not quoted on any market and do not have any comparable industry peers that are listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose these investments in the foreseeable future.

(ii) Amounts due from subsidiaries carried at cost (Note 10)

Fair value information has not been disclosed on amounts due from subsidiaries as these amounts are unsecured and are repayable only when the cash flows of the borrower permits. Accordingly, the fair value of these advances is not determinable as the timing of the future cash flows arising from these advances cannot be estimated reliably.

32. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans, cash and short-term deposits. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from the Group's investment portfolio and long term debt obligations. The Group does not use derivative financial instruments to hedge its investment portfolio. Surplus funds are placed with reputable banks and/or invested in floating rate notes and commercial papers.

The Group's policy is to manage interest cost using a mix of fixed and floating rate borrowings. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps.

32. Financial risk management objectives and policies (continued)

(a) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The table below demonstrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit before tax (through the impact on interest expense on floating rate loans and borrowings).

	Group	
	Increase/ decrease in basis points	Effect on profit before tax $'000
2015		
Renminbi	**+100**	**(1,737)**
Singapore dollars	**+100**	**(370)**
Vietnamese Dong	**+100**	**(37)**
US Dollar	**+100**	**(49)**
Renminbi	**–100**	**1,737**
Singapore dollars	**–100**	**370**
Vietnamese Dong	**–100**	**37**
US Dollar	**–100**	**49**
2014		
Renminbi	+100	(1,908)
Singapore dollars	+100	(201)
Vietnamese Dong	+100	(22)
Renminbi	–100	1,908
Singapore dollars	–100	201
Vietnamese Dong	–100	22

(b) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily SGD, US Dollar (USD), Malaysia Ringgit (RM), Indonesian Rupiah (IDR), Renminbi (RMB) and Vietnamese Dong (VND). The foreign currency in which these transactions are denominated in, is mainly USD. The Group's trade receivable and trade payable balances at the end of the reporting period have similar exposures.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances (mainly in USD) amount to $3,068,000 and $2,859,000 for the Group and the Company respectively.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's investments in subsidiaries in the People's Republic of China and Vietnam are partly hedged by borrowings denominated in RMB and VND respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD exchange rates (against the respective functional currencies of the Group entities), with all other variables held constant.

			Group	
			Profit before tax	
			2015 $'000	2014 $'000
SGD/USD	–	strengthened 3% (2014: 3%)	**+3**	+22
	–	weakened 3% (2014: 3%)	**–3**	–22
USD/SGD	–	strengthened 3% (2014: 3%)	**–14**	–50
	–	weakened 3% (2014: 3%)	**+14**	+50

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that major customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the respective balance sheets.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 15.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring its trade receivables by business segments on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	2015		2014	
	$'000	**% of total**	$'000	% of total
By business segments				
Basic Building Resources	**131,499**	**84**	139,381	87
Shipping	**3,770**	**2**	896	1
Port	**21,236**	**14**	19,075	12
	156,505	**100**	159,352	100

Financial assets that are neither past due nor impaired

At the end of the reporting period, there is no significant concentration of credit risk. The amounts due from top 3 major customers amounted to approximately 9% (2014: 10%) of the Group's trade receivables. However, the good credit history of these customers reduces the risk to the Group to an acceptable level. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet.

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables) and Note 12 (Other investments).

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities to meet normal operating commitments and to close market positions at short notice. At the end of the reporting period, 21% (2014: 10%) of the Group's loans and borrowings (Note 18) will mature in less than one year.

32. Financial risk management objectives and policies (continued)

(d) Liquidity risk (continued)

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

	2015				2014			
	Less than 1 year $'000	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**	Less than 1 year $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial assets								
Other investments	**–**	**–**	**2,204**	**2,204**	–	–	1,903	1,903
Trade and other receivables	**166,286**	**–**	**–**	**166,286**	169,526	–	–	169,526
Cash and short-term deposits	**43,686**	**–**	**–**	**43,686**	53,888	–	–	53,888
Total undiscounted financial assets	**209,972**	**–**	**2,204**	**212,176**	223,414	–	1,903	225,317
Financial liabilities								
Payables and accruals	**128,165**	**–**	**–**	**128,165**	136,840	–	–	136,840
Loans and borrowings	**73,062**	**193,388**	**73,229**	**339,679**	40,135	251,895	17,050	309,080
Other liability	**–**	**–**	**574**	**574**	–	–	564	564
Total undiscounted financial liabilities	**201,227**	**193,388**	**73,803**	**468,418**	176,975	251,895	17,614	446,484
Total net undiscounted financial assets /(liabilities)	**8,745**	**(193,388)**	**(71,599)**	**(256,242)**	46,439	(251,895)	(15,711)	(221,167)
Company								
Financial assets								
Trade and other receivables	**2,577**	**–**	**–**	**2,577**	1,523	–	–	1,523
Amounts due from subsidiaries (Note 10)	**–**	**–**	**217,953**	**217,953**	–	–	200,358	200,358
Cash and short-term deposits	**19,570**	**–**	**–**	**19,570**	20,362	–	–	20,362
Total undiscounted financial assets	**22,147**	**–**	**217,953**	**240,100**	21,885	–	200,358	222,243
Financial liabilities								
Payables and accruals	**1,293**	**–**	**–**	**1,293**	1,754	–	–	1,754
Loans and borrowings	**7,385**	**72,960**	**–**	**80,345**	2,393	80,344	–	82,737
Amounts due to subsidiaries (Note 10)	**–**	**–**	**34,473**	**34,473**	–	–	17,949	17,949
Total undiscounted financial liabilities	**8,678**	**72,960**	**34,473**	**116,111**	4,147	80,344	17,949	102,440
Total net undiscounted financial assets /(liabilities)	**13,469**	**(72,960)**	**183,480**	**123,989**	17,738	(80,344)	182,409	119,803

33. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2015 and 31 December 2014.

As disclosed in Note 26, a subsidiary of the Group is required by the Foreign Enterprise Law of the People's Republic of China (PRC) to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant PRC authorities. This externally imposed capital requirement has been complied with by the above-mentioned subsidiary for the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using net gearing ratio, which is calculated as net debt (borrowings less cash and short-term deposits) divided by total equity.

	Group	
	2015	2014
	$'000	$'000
Net debt	**250,692**	214,127
Total equity	**315,651**	312,651
Net gearing ratio	**0.79**	0.68

The Group did not breach any gearing covenants during the financial years ended 31 December 2015 and 31 December 2014.

34. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) The Basic Building Resources segment supplies mainly cement, granite, ready-mixed concrete and refined petroleum products to the construction and marine industries of Singapore and Vietnam.

(b) The Shipping segment operates a fleet of tugboats and barges mainly on charter of affreightment basis.

(c) The Port segment relates to the operation of two adjacent ports in the People's Republic of China and provision of port related services.

(d) Others relate to companies which are of investment holding nature.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Segments results, assets and liabilities include items directly attributable to a segment.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

34. Segment information (continued)

(a) Business segments

	Basic Building Resources $'000	Shipping $'000	Port $'000	Others $'000	Eliminations $'000	Group $'000
2015						
Revenue						
External sales	668,421	62,330	96,194	–	–	826,945
Inter-segment sales	6	8,607	–	–	(8,613)	–
Total revenue	668,427	70,937	96,194	–	(8,613)	826,945
Results						
Segment results	25,149	4,855	46,003	(3,760)	–	72,247
Interest income	40	–	131	28	–	199
Depreciation expenses	(11,640)	(5,384)	(10,658)	(193)	–	(27,875)
Interest expense	(367)	–	(11,859)	(2,391)	–	(14,617)
Share of results of associates	–	–	2,685	–	–	2,685
Profit/(loss) before income tax	13,182	(529)	26,302	(6,316)	–	32,639
Income tax	(323)	(462)	(6,911)	(37)	–	(7,733)
Profit/(loss) for the year	12,859	(991)	19,391	(6,353)	–	24,906
Attributable to						
Equity holders of the Company	12,289	(2,012)	16,387	(6,353)	–	20,311
Non-controlling interests	570	1,021	3,004	–	–	4,595
	12,859	(991)	19,391	(6,353)	–	24,906
Balance Sheet						
Investments in associates	–	–	5,761	–	–	5,761
Additions to non-current assets	45,279	151	8,056	17	–	53,503
Segment assets	330,619	43,943	357,650	28,677	–	760,889
Segment liabilities	147,103	7,437	214,363	76,335	–	445,238
2014						
Revenue						
External sales	612,057	70,201	80,939	–	–	763,197
Inter-segment sales	–	10,291	–	–	(10,291)	–
Total revenue	612,057	80,492	80,939	–	(10,291)	763,197
Results						
Segment results	37,769	7,624	37,019	(3,475)	–	78,937
Interest income	83	4	218	55	–	360
Depreciation expenses	(10,010)	(5,788)	(9,019)	(258)	–	(25,075)
Interest expense	(200)	–	(11,560)	(1,256)	–	(13,016)
Share of results of associates	–	–	2,317	–	–	2,317
Profit/(loss) before income tax	27,642	1,840	18,975	(4,934)	–	43,523
Income tax	(3,423)	(366)	(3,926)	(12)	–	(7,727)
Profit/(loss) for the year	24,219	1,474	15,049	(4,946)	–	35,796
Attributable to						
Equity holders of the Company	24,185	566	12,598	(4,946)	–	32,403
Non-controlling interests	34	908	2,451	–	–	3,393
	24,219	1,474	15,049	(4,946)	–	35,796
Balance Sheet						
Investments in associates	–	–	5,254	–	–	5,254
Additions to non-current assets	24,634	2,171	1,553	221	–	28,579
Segment assets	302,883	51,326	359,434	28,901	–	742,544
Segment liabilities	102,703	9,433	241,144	76,613	–	429,893

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
Singapore	**874,623**	811,032	**140,189**	132,089
China	**96,194**	80,939	**327,147**	321,072
Others	**97,529**	118,360	**47,798**	28,676
Eliminations	**(241,401)**	(247,134)	**–**	–
Total	**826,945**	763,197	**515,134**	481,837

Non-current assets presented above comprise vessels, property, plant and equipment, investments in associates, other investments, other receivables, goodwill, derivatives and deferred tax assets as presented in the consolidated balance sheet.

35. Dividends

	Group and Company	
	2015	2014
	$'000	$'000
Declared and paid during the year		
Dividends on ordinary shares		
Final exempt (one-tier) dividend for 2014: 2.75 cents (2013: 2.75 cents) per share	**15,392**	15,450
Interim exempt (one-tier) dividend for 2015: 1.50 cents (2014: 1.50 cents) per share	**8,397**	8,427
	23,789	23,877
Proposed but not recognised as a liability as at 31 December		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting		
Final exempt (one-tier) dividend for 2015: 2.75 cents (2014: 2.75 cents) per share	**15,394**	15,391
Dividend per share (in cents)	**4.25**	4.25

36. Authorisation of financial statements

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 17 March 2016.

Statistics of Shareholdings

as at 11 March 2016

Class of shares – Ordinary shares fully paid with equal voting rights*

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 99	9	0.07	198	–
100 – 1,000	4,099	33.87	4,083,406	0.73
1,001 – 10,000	6,406	52.94	30,048,969	5.37
10,001 – 1,000,000	1,567	12.95	73,063,068	13.05
1,000,001 and above	20	0.17	452,582,019	80.85
	12,101	100.00	559,777,660	100.00

	No. of shares in which shareholder has an interest			
Substantial shareholders	**Direct interest**	**%****	**Deemed interest**	**%****
1. Ng Han Whatt	5,400,000	0.96	336,560,030	60.12
2. Patrick Ng Bee Soon	27,969,630	5.00	–	–
3. Ng Bee Bee	–	–	326,700,002	58.36
4. Jane Kimberly Ng Bee Kiok	–	–	327,047,602	58.42

Notes
The deemed interests of Ng Han Whatt, Ng Bee Bee and Jane Kimberly Ng Bee Kiok include their shareholdings held as joint shareholders and the full shareholdings of OCBC Trustee Limited held in nominees.

Based on information available to the Company as at 11 March 2016, approximately 25.05% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

	No. of shares	%**
1. Citibank Nominees Singapore Pte Ltd	169,236,800	30.23
2. Ng Han Whatt, Jane Kimberly Ng Bee Kiok and Ng Bee Bee	153,000,000	27.33
3. United Overseas Bank Nominees (Private) Limited	40,492,200	7.23
4. Patrick Ng Bee Soon	27,969,630	5.00
5. DBS Nominees (Private) Limited	24,532,430	4.38
6. HSBC (Singapore) Nominees Pte Ltd	14,920,100	2.67
7. Ng Han Whatt	5,400,000	0.96
8. Lee Cheong Seng	2,000,000	0.36
9. Kor Tor Khoon	1,610,000	0.29
10. UOB Kay Hian Private Limited	1,594,900	0.29
11. McGregor Annabel Margaret	1,510,000	0.27
12. OCBC Nominees Singapore Private Limited	1,434,605	0.26
13. Lee Boon Wah	1,385,000	0.25
14. Tan Wai See	1,358,000	0.24
15. Phua Bah Lee	1,315,000	0.23
16. Ch'ng Jit Koon	1,298,000	0.23
17. OCBC Securities Private Limited	1,202,900	0.22
18. Wan Fook Weng	1,200,000	0.21
19. Phillip Securities Pte Ltd	1,122,454	0.20
20. Christina Cheong Foong Yim	1,000,000	0.18
	453,582,019	81.03

* Ordinary shares purchased and held as treasury shares by the Company will have no voting rights. As at 11 March 2016, the Company has 2,041,000 shares held as treasury shares and this represents approximately 0.36% against the total number of issued shares excluding treasury shares as at that date.

** The percentage is calculated based on the number of issued ordinary shares of the Company as at 11 March 2016, excluding 2,041,000 shares held as treasury shares as at that date.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of Pan-United Corporation Ltd (Company) will be held at Ficus Ballroom, Level 2, Jurong Country Club, 9 Science Centre Road, Singapore 609078 on Tuesday, 26 April 2016 at 11.00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2015, together with the Auditor's Report thereon. **Resolution 1**

2. To declare a final dividend of $0.0275 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2015. **Resolution 2**

3. To re-elect the following directors retiring in accordance with Article 89 of the Company's Constitution and who, being eligible, have offered themselves for re-election:
   3.1 Ms Ng Bee Bee **Resolution 3**
   3.2 Mr Tay Siew Choon **Resolution 4**
   [See Explanatory Note 1]

4. To approve the payment of directors' fees of $520,000 for the financial year ending 31 December 2016 (2015: $520,000). **Resolution 5**

5. To re-appoint Ernst & Young LLP as auditor of the Company for the financial year ending 31 December 2016 and to authorise the directors to fix their remuneration. **Resolution 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions with or without any modifications:

6. "That authority be and is hereby given, pursuant to Section 161 of the Singapore Companies Act, Chapter 50 (the Companies Act) and Rule 806(2) of the listing manual (the Listing Manual) of Singapore Exchange Securities Trading Limited (the SGX-ST), to the directors of the Company to:

   a i issue shares in the capital of the Company (Shares) whether by way of rights, bonus, or otherwise; and/or

   ii make or grant offers, agreements or options (collectively, Instruments) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

   b (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the directors while this Resolution was in force,

   provided that:

   A the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution) does not exceed 50 per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph B below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of any Instruments made or granted pursuant to this Resolution) does not exceed 10 per centum (10%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph B below);

   B (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph A above, the percentage of issued Shares shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

   i new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

   ii any subsequent bonus issue, consolidation or subdivision of Shares;

C in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution for the time being; and

D (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
[See Explanatory Note 2]

Resolution 7

7. "That:

a for the purposes of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued and fully paid ordinary Shares in the capital of the Company not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

i market purchase(s) (each a Market Purchase) on the SGX-ST; and/or

ii off-market purchase(s) (each an Off-Market Purchase) in accordance with any equal access scheme(s) as may be determined or formulated by the directors of the Company, as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the Share Buyback Mandate);

b the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

i the date on which the next Annual General Meeting of the Company is held or required by law to be held;

ii the date on which the share buybacks by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

iii the date on which the authority contained in the Share Buyback Mandate is revoked or varied by the Company in a general meeting;

c in this Resolution:

"Average Closing Market Price" means the average of the closing market prices of a Share over the last five (5) Trading Days on which transactions in the Shares were recorded, preceding the day of the Market Purchase (which is deemed to be adjusted for any corporate action that occurs after such five (5) Trading Day period);

"day of making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"Highest Last Dealt Price" means the highest price transacted for a Share as recorded on the Trading Day on which there were trades in the Shares immediately preceding the day of making of the offer pursuant to the Off-Market Purchase;

"Maximum Price" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding,

i in the case of a Market Purchase, 105 per centum (105%) of the Average Closing Market Price; and

ii in the case of an Off-Market Purchase, pursuant to an equal access scheme, 120 per centum (120%) of the Highest Last Dealt Price;

"Maximum Limit" means that number of issued Shares representing 10 per centum (10%) of the total number of issued Shares in the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"Trading Day" means a day on which the Shares are traded on the SGX-ST; and

d the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note 3]

Resolution 8

ANY OTHER BUSINESS

8. To transact any other business that may be transacted at an Annual General Meeting.

By Order of the Board

Lynn Wan Tiew Leng
Joint Company Secretary

Singapore
31 March 2016

Explanatory Notes

1. The Board of Directors, in consultation with the Nominating Committee, recommends to members the re-election of Ms Ng Bee Bee and Mr Tay Siew Choon as directors of the Company.

   Article 89 of the Company's Constitution provides that every director, subject to the Singapore Statutes, shall retire from office at least once every three (3) years. A retiring director shall be eligible for re-election.

   Ms Ng Bee Bee (Director & Chief Executive Officer) has consented to her re-election as a director of the Company. If re-elected, she will remain as a member of the Executive Committee.

   Mr Tay Siew Choon (Independent Director) has consented to his re-election as a director of the Company. If re-elected, he will remain as Chairman of the Remuneration Committee and a member of the Audit Committee. The Board of Directors considers Mr Tay to be independent for the purpose of Rule 704(8) of the Listing Manual.

2. The Resolution 7, if passed, will empower the directors of the Company, from the date of the passing of Resolution 7 to the next Annual General Meeting date to issue Shares and/or to make or grant Instruments that might require Shares to be issued, and to issue Shares in pursuance of such Instruments, up to a limit of 50% of the total number of issued Shares in the capital of the Company, excluding treasury shares, with a sub-limit of 10% of the total number of issued Shares in the capital of the Company, excluding treasury shares, for issues made other than on a pro rata basis to shareholders, calculated as described in the Resolution.

   Although the Company's Constitution and the Listing Manual enable the Company to seek a mandate to permit its directors to issue Shares up to a limit of 50% of the total number of issued Shares in the capital of the Company, excluding treasury shares, if made on a pro rata basis to shareholders, and up to a sub-limit of 20% of the total number of issued Shares in the capital of the Company, excluding treasury shares, for issues made other than on a pro rata basis to shareholders, the Company is nonetheless only seeking a sub-limit of 10% for issues made other than on a pro rata basis to shareholders. The directors believe that the lower limit sought for the issuance of Shares made other than on a pro rata basis to shareholders is adequate for the time being as it sufficiently addresses the Company's present need to maintain flexibility while taking into account shareholders' concerns against dilution. The directors will review this limit annually.

3. The Resolution 8, if passed, is to renew the Share Buyback Mandate that will empower the directors of the Company to exercise all powers of the Company to purchase or otherwise acquire issued and fully paid ordinary Shares on the terms and subject to the conditions of this Resolution. Please refer to the letter to Shareholders dated 31 March 2016 for details.

Notes

1. A member of the Company entitled to attend and vote at the Annual General Meeting, and who is not a Relevant Intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead. Where more than one proxy is appointed, the number of Shares to be represented by each proxy must be stated.

   A member of the Company who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different Shares or Shares held by such member, and the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   A proxy need not be a member of the Company.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act.

2. The Proxy Form must be deposited at the Company's registered office at 7 Temasek Boulevard, #16-01 Suntec Tower One, Singapore 038987, not less than 48 hours before the time for holding the Annual General Meeting. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Pan-United Corporation Ltd
(Company Registration No. 199106524G)

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