



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2014

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

CONSOLIDATED INCOME STATEMENT						
	2Q 2014	2Q 2013	+ / (-)	1H 2014	1H2013	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	188,453	189,996	(1)	366,431	357,021	3
Other income	991	996	(1)	1,899	1,900	-
Raw materials, subcontract cost and other direct costs	(143,541)	(146,048)	(2)	(282,306)	(272,533)	4
Staff Costs	(8,761)	(8,411)	4	(17,875)	(16,586)	8
Depreciation expenses	(5,755)	(5,099)	13	(10,920)	(10,202)	7
Other expenses	(13,468)	(15,500)	(13)	(25,465)	(27,125)	(6)
Finance Costs	(3,743)	(1,190)	215	(5,526)	(2,463)	124
	<u>14,176</u>	<u>14,744</u>		<u>26,238</u>	<u>30,012</u>	<u>(13)</u>
Share of results of associates	345	458	(25)	841	841	-
Profit before income tax	<u>14,521</u>	<u>15,202</u>	<u>(4)</u>	<u>27,079</u>	<u>30,853</u>	<u>(12)</u>
Income tax	(3,183)	(3,204)	(1)	(5,255)	(6,659)	(21)
Profit for the period, net of tax	<u>11,338</u>	<u>11,998</u>	<u>(6)</u>	<u>21,824</u>	<u>24,194</u>	<u>(10)</u>
Profit attributable to:						
Equity holders of the Company	10,593	10,023	6	20,330	20,320	-
Non-controlling interests	745	1,975	(62)	1,494	3,874	(61)
	<u>11,338</u>	<u>11,998</u>	<u>(6)</u>	<u>21,824</u>	<u>24,194</u>	<u>(10)</u>

A. Profit before income tax is arrived at after crediting/ (charging) the following:	2Q 2014	2Q 2013	+ / (-)	1H 2014	1H 2013	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income	112	124	(10)	158	223	(29)
Interest expense	(3,703)	(1,178)	214	(5,432)	(2,373)	129
Dividend income from investments	200	457	(56)	430	836	(49)
Provision for doubtful debts on trade receivables	(7)	(2,201)	nm	(7)	(2,134)	nm
Foreign exchange (loss)/gain	(237)	63	nm	(354)	260	(236)
Fair value loss on held-for-trading investments	-	(24)	nm	-	(75)	nm
Write-back for impairment in value of other investments	-	164	nm	-	164	nm
Fair value loss on derivatives	-	-	nm	(120)	-	nm
Provision for impairment in property, plant and equipment	(600)	-	nm	(600)	-	nm
(Loss)/gain on disposal of property, plant and equipment	(5)	24	(121)	5	26	(81)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME						
	2Q 2014	2Q 2013	+ / (-)	1H 2014	1H 2013	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period, net of tax	11,338	11,998	(6)	21,824	24,194	(10)
Other comprehensive income:						
Foreign currency translation	(1,796)	2,463	nm	(4,189)	4,194	nm
Other comprehensive income for the period, net of tax	(1,796)	2,463		(4,189)	4,194	nm
Total comprehensive income for the period	<u>9,542</u>	<u>14,461</u>	(34)	<u>17,635</u>	<u>28,388</u>	(38)
Total comprehensive income attributable to:						
Equity holders of the Company	9,122	11,295	(19)	16,775	22,522	(26)
Non-controlling interests	420	3,166	(87)	860	5,866	(85)
	<u>9,542</u>	<u>14,461</u>	(34)	<u>17,635</u>	<u>28,388</u>	(38)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEETS	Group		Company	
	30-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Vessels, property, plant and equipment	435,430	291,391	373	233
Subsidiaries	-	-	200,320	194,774
Associates	4,632	5,096	-	-
Other investments	1,877	2,341	-	11
Other receivables	116	169	-	-
Goodwill	24,295	2,345	-	-
Deferred tax assets	382	194	-	-
	<u>466,732</u>	<u>301,536</u>	<u>200,693</u>	<u>195,018</u>
Current assets				
Cash and short-term deposits	96,811	79,183	15,560	27,509
Trade and other receivables	159,220	157,502	1,712	2,440
Prepayments	3,642	2,980	188	357
Work-in-progress	493	470	-	-
Inventories	19,995	24,364	-	-
	<u>280,161</u>	<u>264,499</u>	<u>17,460</u>	<u>30,306</u>
Current liabilities				
Bank loans	37,426	45,953	-	7,000
Payables and accruals	125,398	120,898	1,727	2,715
Deferred income	3,401	3,706	-	-
Provisions	808	1,023	-	-
Income tax payable	7,904	8,106	43	68
	<u>174,937</u>	<u>179,686</u>	<u>1,770</u>	<u>9,783</u>
Net current assets	<u>105,224</u>	<u>84,813</u>	<u>15,690</u>	<u>20,523</u>
Non-current liabilities				
Bank loans	256,478	81,575	60,000	45,000
Deferred tax liabilities	6,528	6,529	-	-
Deferred income	1,398	1,454	-	-
Other liabilities	535	548	-	-
Provisions	3,050	2,850	-	-
Derivatives	334	214	1,237	214
	<u>268,323</u>	<u>93,170</u>	<u>61,237</u>	<u>45,214</u>
Net assets	<u>303,633</u>	<u>293,179</u>	<u>155,146</u>	<u>170,327</u>
Equity attributable to equity holders of the Company				
Share capital	92,052	90,630	92,052	90,630
Reserves	183,932	182,642	63,094	79,697
	<u>275,984</u>	<u>273,272</u>	<u>155,146</u>	<u>170,327</u>
Non-controlling interests	27,649	19,907	-	-
Total equity	<u>303,633</u>	<u>293,179</u>	<u>155,146</u>	<u>170,327</u>

Explanatory Notes to Balance Sheets

The Group's subsidiary, Changshu Xinghua Port Co., Ltd (CXP), completed the acquisition of 90% equity interests in Changshu Changjiang International Port Co., Ltd (CCIP) on 24 March 2014. Following the completion, CCIP became a 90% owned subsidiary of CXP. Accordingly, its balance sheet was consolidated, which resulted mainly in an increase in vessels, property, plant and equipment, provisional goodwill of \$22.0 million and non-current bank loans.

The increase in total bank loans was due mainly to new bank loans being drawn down for working capital and to finance the acquisition of CCIP, as well as the consolidation of the existing bank loans in the books of CCIP upon acquisition. Of which, an amount of Rmb180.0 million was for the purpose of refinancing an existing bank loan of the same amount due in July 2014.

1(b)(ii) In relation to the aggregate amount of group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As of 30 Jun 2014		As at 31 Dec 2013	
	<u>Secured</u> \$'000	<u>Unsecured</u> \$'000	<u>Secured</u> \$'000	<u>Unsecured</u> \$'000
Amount repayable in one year or less, or on demand	1,246	36,180	1,333	44,620
Amount repayable after one year	147,233	109,245	-	81,575

Details of any collateral

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED CASH FLOW STATEMENTS

	2Q 2014	2Q 2013	1H 2014	1H 2013
	\$'000	\$'000	\$'000	\$'000
Cash flow from operating activities				
Profit before income tax	14,521	15,202	27,079	30,853
Adjustments for				
Depreciation expenses	5,755	5,099	10,920	10,202
Dividend income from other investments	(200)	(457)	(430)	(836)
Interest expense, net	3,591	1,054	5,274	2,150
(Gain)/loss on disposal of other investments	-	-	1	-
Loss/(gain) on disposal of property, plant and equipment	5	(24)	(5)	(26)
Provision for impairment in property, plant and equipment	600	-	600	-
Write back fo for impairment in value of other investments	-	(164)	-	(164)
Fair value loss on held-for-trading investments	-	24	-	75
Fair value loss on derivatives	-	-	120	-
Share-based payment expenses	85	53	171	108
Share of results of associates	(345)	(458)	(841)	(841)
Foreign exchange differences	406	13	(20)	(411)
Operating cash flows before working capital changes	24,418	20,342	42,869	41,110
(Increase) Decrease in:				
Trade and other receivables	27	(13,609)	2,890	(19,917)
Prepayment	150	(833)	(522)	(1,108)
Inventories and work-in-progress	5,992	6,689	4,375	4,605
Increase (Decrease) in				
Trade payables and accruals	(4,766)	9,022	(23,748)	(9)
Deferred income	(559)	(2,695)	(361)	(3,068)
Cash flow generated from operating activities	25,262	18,916	25,503	21,613
Interest paid	(3,703)	(1,178)	(5,432)	(2,373)
Income tax paid	(4,928)	(6,303)	(5,646)	(7,311)
Interest received	112	124	158	223
Net cash flows generated from operating activities	16,743	11,559	14,583	12,152
Cash flow from investing activities				
Acquisition of property, plant and equipment	(12,386)	(6,858)	(18,519)	(16,265)
Investments	-	-	-	(312)
Net cash outflow on acquisition of a subsidiary	-	-	(47,364)	-
Capital refund from other investments	-	164	-	164
Proceeds from disposal of property, plant and equipment	7	112	20	132
Proceeds from disposal of other investments	-	-	460	14,780
Dividend income from associated companies	1,094	1,460	1,094	1,460
Dividend income from other investments	200	457	430	836
Net cash flows (used in)/from investing activities	(11,085)	(4,665)	(63,879)	795
Cash flows from financing activities				
Proceeds/(repayment) of bank borrowings, net	48,608	(810)	83,014	(606)
Proceeds from issuance of share capital	142	839	1,216	1,752
Proceeds from reissuance of treasury shares	-	-	-	908
Dividends paid to shareholders	(15,450)	(13,974)	(15,450)	(13,974)
Dividends paid to non-controlling interests	(528)	(464)	(528)	(464)
Net cash from/(used in) financing activities	32,772	(14,409)	68,252	(12,384)
Net increase/(decrease) in cash and cash equivalents	38,430	(7,515)	18,956	563
Cash and cash equivalents as at beginning of period	59,001	98,714	79,183	90,361
Effects of exchange rate changes on opening cash equivalents	(620)	308	(1,328)	583
Cash and cash equivalents as at end of period	96,811	91,507	96,811	91,507

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP	Attributable to equity holders of the Company							Non-controlling interests	Total Equity
	Share capital	Treasury shares	Capital reserve	Foreign currency translation reserve	Accumulated profits	Other reserves	Total reserves		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2014	90,630	-	3,000	(4,577)	254,102	(69,883)	182,642	19,907	293,179
Total comprehensive income for the period	-	-	-	(2,084)	9,737	-	7,653	440	8,093
Acquisition of subsidiary	-	-	-	-	-	-	-	7,410	7,410
Cost of share-based payment (share options)	-	-	-	-	-	86	86	-	86
Issue of shares under share option plan	1,257	-	-	-	-	(183)	(183)	-	1,074
Balance at 31 March 2014	91,887	-	3,000	(6,661)	263,839	(69,980)	190,198	27,757	309,842
Total comprehensive income for the period	-	-	-	(1,471)	10,593	-	9,122	420	9,542
Cost of share-based payment (share options)	-	-	-	-	-	85	85	-	85
Issue of shares under share option plan	165	-	-	-	-	(23)	(23)	-	142
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(528)	(528)
Dividends on ordinary shares	-	-	-	-	(15,450)	-	(15,450)	-	(15,450)
Balance at 30 June 2014	92,052	-	3,000	(8,132)	258,982	(69,918)	183,932	27,649	303,633
Balance at 1 January 2013	88,323	(1,054)	3,000	(4,526)	231,867	1,240	231,581	40,798	359,648
Total comprehensive income for the period	-	-	-	930	10,297	-	11,227	2,700	13,927
Cost of share-based payment (share options)	-	-	-	-	-	55	55	-	55
Issue of shares under share option plan	1,068	-	-	-	-	(155)	(155)	-	913
Reissuance of treasury shares	-	1,054	-	-	-	(146)	(146)	-	908
Balance at 31 March 2013	89,391	-	3,000	(3,596)	242,164	994	242,562	43,498	375,451
Total comprehensive income for the period	-	-	-	1,272	10,023	-	11,295	3,166	14,461
Cost of share-based payment (share options)	-	-	-	-	-	53	53	-	53
Issue of shares under share option plan	983	-	-	-	-	(144)	(144)	-	839
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(464)	(464)
Dividends on ordinary shares	-	-	-	-	(13,974)	-	(13,974)	-	(13,974)
Balance at 30 June 2013	90,374	-	3,000	(2,324)	238,213	903	239,792	46,200	376,366

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

COMPANY	Share capital	Tresury shares	Accumulated profits	Other reserves	Total reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014	90,630	-	78,692	1,005	79,697	170,327
Total comprehensive income for the period	-	-	(9)	-	(9)	(9)
Cost of share-based payment (share options)	-	-	-	86	86	86
Issue of shares under share option plan	1,257	-	-	(183)	(183)	1,074
Balance at 31 March 2014	91,887	-	78,683	908	79,591	171,478
Total comprehensive income for the period	-	-	(1,109)	-	(1,109)	(1,109)
Cost of share-based payment (share options)	-	-	-	85	85	85
Issue of shares under share option plan	165	-	-	(23)	(23)	142
Dividends on ordinary shares	-	-	(15,450)	-	(15,450)	(15,450)
Balance at 30 June 2014	92,052	-	62,124	970	63,094	155,146
Balance at 1 January 2013	88,323	(1,054)	64,309	1,240	65,549	152,818
Total comprehensive income for the period	-	-	103	-	103	103
Cost of share-based payment (share options)	-	-	-	55	55	55
Issue of shares under share option plan	1,068	-	-	(155)	(155)	913
Reissuance of treasury shares	-	1,054	-	(146)	(146)	908
Balance at 31 March 2013	89,391	-	64,412	994	65,406	154,797
Total comprehensive income for the period	-	-	839	-	839	839
Cost of share-based payment (share options)	-	-	-	53	53	53
Issue of shares under share option plan	983	-	-	(144)	(144)	839
Dividends on ordinary shares	-	-	(13,974)	-	(13,974)	(13,974)
Balance at 30 June 2013	90,374	-	51,277	903	52,180	142,554

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, shares buy-backs, exercise of shares options or warrants conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the corresponding period of the immediately preceding financial year.

	2Q 2014 ended 30 Jun 2014	2Q 2013 ended 30 Jun 2013
Issued and fully paid ordinary shares:		
As at beginning of period	561,592,660	557,859,160
Add: Issued during the period	226,000	1,371,000
As at end of period	561,818,660	559,230,160

During the quarter ended 30 June 2014, the Company issued 226,000 new shares to employees for share options exercised pursuant to the Pan-United Share Option Scheme.

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.

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

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

There were no sales, transfers, disposals, cancellations and/or use of treasury shares for the financial period ended 30 June 2014.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figure have not been audited or reviewed by our auditors, Messrs Ernst & Young LLP.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualification of emphasis of matter).

Not applicable.

4 Where the same accounting policies and methods of computation as in the issuers' most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 December 2013, except as disclosed in note 5 below.

5 If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed as well as the reasons for and the effect of the change.

The Group has adopted all the applicable new/revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2014. The adoption of these new/revised FRS does not have any material impact to the Group financial statements.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for the preference dividends.

Earnings per ordinary share for the period based on equity holders of the company	Quarter ended 30 June			Half year ended 30 June		
	2014	2013	Change	2014	2013	Change
Based on weighted average number of ordinary shares in issue (in cents)	1.9	1.8	6%	3.6	3.6	-
On a fully diluted basis (in cents)	1.9	1.8	6%	3.6	3.6	-

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on (b) immediately preceding financial year.

	Group	Company
Net asset value per ordinary share based on Issued share capital at 30 June 2014 (In cents)	49.1	27.6
Net asset value per ordinary share based on issued share capital at 31 December 2013 (In cents)	48.8	30.4

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

Review of 1H 2014 Performance

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

The Group's revenue rose 3% year-on-year (yoy) to \$366.0 million, driven primarily by improved cargo throughput in both Changshu Xinghua Port Co., Ltd (CXP) and CCIP, and higher trading activities in the Shipping division. The revenue for the Basic Building Resources (BBR) division was comparable yoy.

Net attributable profit after tax to shareholders was comparable yoy despite higher raw material costs in the first quarter and finance costs. The Group's performance was also helped by higher contribution from, as well as the increased stake in CXP.

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

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Singapore's ready mixed concrete (RMC) demand was flat in 1H FY14 as compared to that in the previous year as the construction industry is still adjusting its productivity levels in response to the tight labour supply. In addition, selling prices of RMC have come under some pressure with fewer residential developments coming on stream.

The BBR division is continuously integrating its operations to improve its cost efficiency. In Indonesia, expansion of the production capacity of the Group's quarry is scheduled to be completed by 4Q FY14 and will more than replace the output from its Malaysian quarry which ceased operations in July 2014.

The cargo throughput of the Port division is growing better than plan. Overall, the Port division is expected to remain profitable this year.

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

11 If a decision regarding dividend has been made:

Any dividend recommended for the current financial period reported on? Yes.

(a) Current Financial Period Report On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable:

The dividend will be payable on 9 September 2014.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed on 26 August 2014 for the preparation of dividend warrants. Registrable share transfers received by the Company's Share Registrar. Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 by 5.00 p.m. on 25 August 2014 will be registered before the entitlements to the dividend are determined.

12 If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

13 If the Group has obtained a general mandate from shareholders for interested person transactions ('IPT), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for interested person transactions. There was no interested person transaction as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the period ended 30 June 2014.

14 Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results).

CONFIRMATION BY THE BOARD

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the quarter ended 30 June 2014 to be false or misleading.

BY ORDER OF THE BOARD

N. Shoba
Company Secretary
13 August 2014