



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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

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

CONSOLIDATED INCOME STATEMENT			
	1Q 2015	1Q 2014	+ / (-)
	\$'000	\$'000	%
Revenue	206,911	177,978	16
Other income	1,197	908	32
Raw materials, subcontract cost and other direct costs	(166,138)	(138,765)	20
Staff costs	(9,594)	(9,114)	5
Depreciation expenses	(6,800)	(5,165)	32
Other expenses	(15,477)	(11,997)	29
Finance costs	(3,920)	(1,783)	120
	<u>6,179</u>	<u>12,062</u>	(49)
Share of results of associates	615	496	24
Profit before income tax	<u>6,794</u>	<u>12,558</u>	(46)
Income tax	(808)	(2,072)	(61)
Profit for the period, net of tax	<u>5,986</u>	<u>10,486</u>	(43)
Profit attributable to:			
Equity holders of the Company	5,024	9,737	(48)
Non-controlling interests	962	749	28
	<u>5,986</u>	<u>10,486</u>	(43)

A. Profit before income tax is arrived at after crediting/ (charging) the following:	1Q 2015	1Q 2014	+ / (-)
	\$'000	\$'000	%
Interest income	55	46	20
Interest expense	(3,851)	(1,729)	123
Dividend income from investments	222	230	(3)
Bad debts written off	(48)	-	nm
Foreign exchange loss	(43)	(117)	nm
Fair value changes of derivatives	-	(120)	nm
(Loss)/gain on disposal of property, plant and equipment	(16)	10	nm
Write-off of property, plant and equipment	(116)	-	nm

B. The Group's tax charge for the quarter included a reversal of tax provision of \$800,000 (1Q 2014: Nil) in respect of previous years.

nm: Not meaningful

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	1Q 2015	1Q 2014	+ / (-)
	\$'000	\$'000	%
Profit for the period, net of tax	5,986	10,486	(43)
Other comprehensive income:			
Foreign currency translation	4,153	(2,393)	274
Fair value changes of derivatives	545	-	nm
Other comprehensive income for the period, net of tax	<u>4,698</u>	<u>(2,393)</u>	296
Total comprehensive income for the period	<u>10,684</u>	<u>8,093</u>	32
Total comprehensive income attributable to:			
Equity holders of the Company	8,726	7,653	14
Non-controlling interests	1,958	440	345
	<u>10,684</u>	<u>8,093</u>	32

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	
	31-Mar-15 \$'000	31-Dec-14 \$'000	31-Mar-15 \$'000	31-Dec-14 \$'000
Non-current assets				
Vessels, property, plant and equipment	460,772	449,398	308	322
Subsidiaries	-	-	211,658	206,220
Associates	6,100	5,254	-	-
Other investments	1,915	1,903	-	-
Other receivables	29	90	-	-
Goodwill	23,974	23,974	-	-
Deferred tax assets	1,266	1,218	-	-
	<u>494,056</u>	<u>481,837</u>	<u>211,966</u>	<u>206,542</u>
Current assets				
Cash and short-term deposits	48,197	53,888	12,972	20,362
Trade and other receivables	169,998	169,526	3,501	1,523
Prepayments	4,044	3,280	122	165
Work-in-progress	837	1,002	-	-
Inventories	33,633	33,011	-	-
	<u>256,709</u>	<u>260,707</u>	<u>16,595</u>	<u>22,050</u>
Current liabilities				
Bank loans	26,886	25,520	-	-
Payables and accruals	128,757	136,840	1,244	1,754
Deferred income	3,965	3,937	-	-
Provisions	1,151	1,272	-	-
Income tax payable	5,833	5,792	1	12
	<u>166,592</u>	<u>173,361</u>	<u>1,245</u>	<u>1,766</u>
Net current assets	<u>90,117</u>	<u>87,346</u>	<u>15,350</u>	<u>20,284</u>
Non-current liabilities				
Bank loans	247,272	242,495	75,000	75,000
Deferred tax liabilities	7,918	7,983	-	-
Deferred income	1,344	1,299	-	-
Other liabilities	583	564	-	-
Provisions	3,550	3,550	-	-
Derivatives	96	641	96	641
	<u>260,763</u>	<u>256,532</u>	<u>75,096</u>	<u>75,641</u>
Net assets	<u>323,410</u>	<u>312,651</u>	<u>152,220</u>	<u>151,185</u>
Equity attributable to equity holders of the Company				
Share capital	92,052	92,052	92,052	92,052
Treasury shares	(1,860)	(1,860)	(1,860)	(1,860)
Reserves	200,425	191,624	62,028	60,993
	<u>290,617</u>	<u>281,816</u>	<u>152,220</u>	<u>151,185</u>
Non-controlling interests	32,793	30,835	-	-
Total equity	<u>323,410</u>	<u>312,651</u>	<u>152,220</u>	<u>151,185</u>

Explanatory Notes to Balance Sheets

The increase in vessels, property, plant and equipment is mainly from capital expenditure of the Basic Building Resources Division.

The decrease in cash and short term deposits is mainly for capital expenditure and settlement of accounts payables in first quarter 2015.

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

	As of 31 Mar 2015		As at 31 Dec 2014	
	<u>Secured</u> \$'000	<u>Unsecured</u> \$'000	<u>Secured</u> \$'000	<u>Unsecured</u> \$'000
Amount repayable in one year or less, or on demand	17,562	9,324	19,769	5,751
Amount repayable after one year	168,498	78,774	122,339	120,156

Details of any collateral

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

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

CONSOLIDATED CASH FLOW STATEMENTS	1Q 2015	1Q 2014
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	6,794	12,558
Adjustments for		
Depreciation expenses	6,800	5,165
Dividend income from other investments	(222)	(230)
Interest expense, net	3,796	1,683
Loss on disposal of other investments	-	1
Loss/(gain) on disposal of property, plant and equipment	16	(10)
Write-off of property, plant and equipment	116	-
Fair value changes of derivatives	-	120
Share-based payment expenses	75	86
Share of results of associates	(615)	(496)
Foreign exchange differences	(887)	(426)
Operating cash flows before working capital changes	15,873	18,451
(Increase) Decrease in:		
Trade and other receivables	(411)	2,863
Prepayments	(764)	(672)
Inventories and work-in-progress	(457)	(1,617)
Increase (Decrease) in		
Payables, accruals and provisions	(8,204)	(18,982)
Deferred income	73	198
Cash flow generated from operating activities	6,110	241
Interest paid	(3,851)	(1,729)
Income tax paid	(880)	(718)
Interest received	55	46
Net cash flows generated from/(used in) operating activities	1,434	(2,160)
Cash flows from investing activities		
Acquisition of vessels, property, plant and equipment	(6,288)	(6,133)
Net cash outflow on acquisition of a subsidiary	-	(47,364)
Proceeds from disposal of property, plant and equipment	-	13
Proceeds from disposal of other investments	-	460
Dividend income from other investments	222	230
Net cash flows used in investing activities	(6,066)	(52,794)
Cash flows from financing activities		
(Repayment of)/proceeds from bank borrowings, net	(1,931)	34,406
Proceeds from issuance of share capital	-	1,074
Net cash from financing activities	(1,931)	35,480
Net decrease in cash and cash equivalents	(6,563)	(19,474)
Cash and cash equivalents as at beginning of period	53,888	79,183
Effects of exchange rate changes on opening cash	872	(708)
Cash and cash equivalents as at end of period	48,197	59,001

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

STATEMENT OF CHANGES IN EQUITY	Attributable to equity holders of the Company							Non-controlling interests	Total Equity
	Share capital	Treasury shares	Capital reserve	Foreign currency translation	Accumulated profits	Other reserves	Total reserves		
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	92,052	(1,860)	3,000	(3,441)	262,628	(70,563)	191,624	30,835	312,651
Total comprehensive income for the period	-	-	-	3,157	5,024	-	8,181	1,958	10,139
Cost of share-based payment (share options)	-	-	-	-	-	75	75	-	75
Fair value changes of derivatives	-	-	-	-	-	545	545	-	545
Balance at 31 March 2015	92,052	-	3,000	(284)	267,652	(69,943)	200,425	32,793	323,410
Balance at 1 January 2014	90,630	-	3,000	(4,577)	254,102	(69,883)	182,642	19,907	293,179
Total comprehensive income for the period	-	-	-	(2,084)	9,737	-	7,653	440	8,093
Acquisition of subsidiary	-	-	-	-	-	-	-	7,410	7,410
Cost of share-based payment (share options)	-	-	-	-	-	86	86	-	86
Issuance of shares under share option plan	1,257	-	-	-	-	(183)	(183)	-	1,074
Balance at 31 March 2014	91,887	-	3,000	(6,661)	263,839	(69,980)	190,198	27,757	309,842

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

COMPANY	Share capital	Treasury shares	Accumulated profits	Other reserves	Total reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	92,052	(1,860)	60,668	325	60,993	151,185
Total comprehensive income for the period	-	-	415	-	415	415
Cost of share-based payment (share options)	-	-	-	75	75	75
Fair value changes of derivatives	-	-	-	545	545	545
Balance at 31 March 2015	92,052	(1,860)	61,083	945	62,028	152,220
Balance at 1 January 2014	90,630	-	78,692	1,005	79,697	170,327
Total comprehensive income for the period	-	-	(9)	-	(9)	(9)
Cost of share-based payment (share options)	-	-	-	86	86	86
Issuance of shares under share option plan	1,257	-	-	(183)	(183)	1,074
Balance at 31 March 2014	91,887	-	78,683	908	79,591	171,478

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.

	1Q 2015 ended 31 Mar 2015	1Q 2014 ended 31 Mar 2014
Issued share capital		
Issued and fully paid ordinary shares:		
As at beginning of period	561,818,660	559,717,160
Add: Shares issued during the period - exercise of share options	-	1,875,500
As at end of period	561,818,660	561,592,660
Treasury shares		
As at beginning and end of period	2,159,000	-
Total number of issued shares excluding treasury shares	559,659,660	561,592,660

There were no share buyback and no new shares issued during the quarter ended 31 March 2015.

	As at 31-Mar-15	As at 31-Mar-14
The number of shares that may be issued on exercise of share options outstanding at the end of the year	6,113,500	4,559,500

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

	As at 31-Mar-15	As at 31-Dec-14
Total number of issued shares	561,818,660	561,818,660
Treasury shares	2,159,000	2,159,000
Total number of issued shares excluding treasury shares	559,659,660	559,659,660

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

There were no sales, transfers, disposals, cancellations and/or use of treasury shares for the quarter ended 31 March 2015.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 December 2014, except as disclosed in note 5 below.

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

The Group has adopted all the applicable new/revised Financial Reporting Standards (FRS) that become effective for accounting periods beginning 1 January 2015. The adoption of these new/revised FRS does not have any material impact to the Group's financial statements.

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

Earnings per ordinary share for the period based on equity holders of the company	Quarter ended 31 March		
	2015	2014	Change
Based on weighted average number of ordinary shares in issue (in cents)	0.9	1.7	-47%
On a fully diluted basis (in cents)	0.9	1.7	-47%

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 31 March 2015 (In cents)	51.9	27.2
Net asset value per ordinary share based on Issued share capital at 31 December 2014 (In cents)	50.4	27.0

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

Review of 1Q 2015 Performance

The Group's revenue rose 16% year-on-year (yoy) to \$207.0 million, led by all three divisions.

Revenue growth in the Basic Building Resources (BBR) division was driven by higher sales volumes of cement and ready-mixed concrete (RMC).

For the Port division, total cargoes handled at Xinghua Port Group rose 45% yoy, partly due to the consolidation of Changshu Changjiang International Port's (CCIP) results from 1 April 2014. In addition, strong cargo growth was achieved with the expanded berthing capacity.

Higher trading activities were recorded in the Shipping division.

The earnings before interest, tax and depreciation was 11% lower yoy.

The BBR division experienced competitive pricing for RMC, higher raw material costs as the Singapore dollar weakened against the US dollar, and higher operating overheads.

Despite higher overheads, interest cost and depreciation mainly due to the acquisition of CCIP, the Port division reported improved earnings on the back of strong throughput growth.

As a result, the Group reported a 48% yoy decline in its net attributable profit after tax to shareholders.

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

Not applicable.

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

The Building and Construction Authority of Singapore has forecasted stable RMC demand of 14.0 - 16.0 million m³ this year (2014: 15.0 million m³), backed by construction output forecast of \$35.0 – \$37.0 billion in 2015.

The Port division expects to see healthy cargo growth, given Xinghua Port Group's strategic location in a growing industrialized hinterland, and reap further operational synergies from operating Changshu Xinghua Port and Changshu Changjiang International Port jointly.

The Shipping division will continue to focus on improving vessel utilization and cost efficiency.

11 If a decision regarding dividend has been made:

(a) Current Financial Period Report On

Any dividend recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable:

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2015.

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

The Group does not have a general mandate from shareholders for interested person transactions.

14 Negative confirmation pursuant to Rule 705(5).

CONFIRMATION BY THE BOARD

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the quarter ended 31 March 2015 to be false or misleading.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
13 May 2015