



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2016

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 2016	1Q 2015	+ / (-)
	\$'000	\$'000	%
Revenue	181,145	206,911	(12)
Other income	1,445	1,197	21
Raw materials, subcontract cost and other direct costs	(143,382)	(166,138)	(14)
Staff costs	(10,313)	(9,594)	7
Depreciation expenses	(7,130)	(6,800)	5
Other expenses	(14,133)	(15,477)	(9)
Finance costs	(3,250)	(3,920)	(17)
	<u>4,382</u>	<u>6,179</u>	(29)
Share of results of associates	480	615	(22)
Profit before income tax	<u>4,862</u>	<u>6,794</u>	(28)
Income tax	(1,721)	(808)	113
Profit for the period, net of tax	<u>3,141</u>	<u>5,986</u>	(48)
Profit attributable to:			
Equity holders of the Company	2,043	5,024	(59)
Non-controlling interests	1,098	962	14
	<u>3,141</u>	<u>5,986</u>	(48)

A. Profit before income tax is arrived at after crediting/ (charging) the following:	1Q 2016	1Q 2015	+ / (-)
	\$'000	\$'000	%
Interest income	63	55	15
Interest expense	(3,183)	(3,851)	(17)
Dividend income from other investments	163	222	(27)
Bad debts written off	-	(48)	(100)
Foreign exchange gain/(loss)	340	(43)	nm
Gain/(loss) on disposal of property, plant and equipment	310	(16)	nm
Write-off of property, plant and equipment	(36)	(116)	(69)

B. The Group's tax charge for 1Q 2015 included a reversal of tax provision of \$800,000. There were no such reversals in 1Q 2016.

nm: Not meaningful

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	1Q 2016	1Q 2015	+ / (-)
	\$'000	\$'000	%
Profit for the period, net of tax	3,141	5,986	(48)
Other comprehensive income:			
Foreign currency translation	(5,385)	4,153	nm
Fair value changes of derivatives	(2,315)	545	nm
Other comprehensive income for the period, net of tax	<u>(7,700)</u>	<u>4,698</u>	nm
Total comprehensive income for the period	<u>(4,559)</u>	<u>10,684</u>	(143)
Total comprehensive income attributable to:			
Equity holders of the Company	(4,458)	8,726	(151)
Non-controlling interests	(101)	1,958	(105)
	<u>(4,559)</u>	<u>10,684</u>	(143)

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-16 \$'000	31-Dec-15 \$'000	31-Mar-16 \$'000	31-Dec-15 \$'000
Non-current assets				
Vessels, property, plant and equipment	472,791	479,494	116	122
Subsidiaries	-	-	208,154	207,291
Associates	5,991	5,761	-	-
Other investments	2,222	2,204	560	560
Other receivables	539	504	-	-
Goodwill	24,614	25,572	-	-
Derivatives	-	537	-	537
Deferred tax assets	987	1,062	-	-
	<u>507,144</u>	<u>515,134</u>	<u>208,830</u>	<u>208,510</u>
Current assets				
Cash and short-term deposits	36,693	43,686	13,348	19,570
Trade and other receivables	160,851	166,286	5,672	2,577
Prepayments	3,586	2,305	149	163
Work-in-progress	365	987	-	-
Inventories	21,749	28,679	-	-
Other assets	3,292	3,812	-	-
	<u>226,536</u>	<u>245,755</u>	<u>19,169</u>	<u>22,310</u>
Current liabilities				
Loans and borrowings	74,313	62,104	10,000	5,000
Payables and accruals	105,339	128,165	1,183	1,293
Deferred income	2,991	3,631	-	-
Provisions	1,500	1,612	-	-
Income tax payable	2,721	2,848	3	4
Derivatives	1,260	-	1,260	-
	<u>188,124</u>	<u>198,360</u>	<u>12,446</u>	<u>6,297</u>
Net current assets	<u>38,412</u>	<u>47,395</u>	<u>6,723</u>	<u>16,013</u>
Non-current liabilities				
Loans and borrowings	218,902	232,274	65,000	70,000
Deferred tax liabilities	9,656	9,497	-	-
Deferred income	1,077	1,133	-	-
Other liabilities	551	574	-	-
Provisions	3,700	3,400	-	-
Derivatives	518	-	518	-
	<u>234,404</u>	<u>246,878</u>	<u>65,518</u>	<u>70,000</u>
Net assets	<u>311,152</u>	<u>315,651</u>	<u>150,035</u>	<u>154,523</u>
Equity attributable to equity holders of the Company				
Share capital	92,052	92,052	92,052	92,052
Treasury shares	(1,759)	(1,759)	(1,759)	(1,759)
Reserves	186,303	190,701	59,742	64,230
	<u>276,596</u>	<u>280,994</u>	<u>150,035</u>	<u>154,523</u>
Non-controlling interests	34,556	34,657	-	-
Total equity	<u>311,152</u>	<u>315,651</u>	<u>150,035</u>	<u>154,523</u>

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

Explanatory Notes to Balance Sheets

The lower trade and other receivables is the result of lower revenue in the first quarter.

The increase in bank loans is mainly for working capital and capital expenditure.

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

- 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 2016		As of 31 Dec 2015	
	<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	12,174	62,139	14,729	47,375
Amount repayable after one year	150,767	68,135	159,004	73,270

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 2016	1Q 2015
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	4,862	6,794
Adjustments for		
Depreciation expenses	7,130	6,800
Dividend income from other investments	(163)	(222)
Interest income	(63)	(55)
Interest expense	3,183	3,851
(Gain)/loss on disposal of property, plant and equipment	(310)	16
Write-off of property, plant and equipment	36	116
Share-based payment expenses	60	75
Share of results of associates	(480)	(615)
Foreign exchange differences	392	(887)
Operating cash flows before working capital changes	14,647	15,873
Decrease/(Increase) in		
Trade and other receivables	5,400	(411)
Prepayments	(1,281)	(764)
Inventories and work-in-progress	7,552	(457)
Other assets	520	-
Increase (Decrease) in		
Payables, accruals and provisions	(22,938)	(8,204)
Deferred income	(696)	73
Cash flows from operations	3,204	6,110
Interest paid	(3,183)	(3,851)
Income tax paid	(1,614)	(880)
Interest received	63	55
Net cash flows (used in)/from operating activities	(1,530)	1,434
Cash flows from investing activities		
Acquisition of vessels, property, plant and equipment	(11,665)	(6,288)
Purchase of other investments	(34)	-
Proceeds from disposal of property, plant and equipment	675	-
Dividend income from other investments	163	222
Net cash flows used in investing activities	(10,861)	(6,066)
Cash flows from financing activities		
Proceeds from bank borrowings	15,675	72,016
Repayment of bank borrowings	(9,656)	(73,947)
Net cash flows from/(used in) financing activities	6,019	(1,931)
Net decrease in cash and cash equivalents	(6,372)	(6,563)
Cash and cash equivalents as at beginning of period	43,686	53,888
Effects of exchange rate changes on opening cash	(621)	872
Cash and cash equivalents as at end of period	36,693	48,197

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	Retained earnings	Other reserves	Total reserves		
				translation reserve					
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2016	92,052	(1,759)	3,000	(2,328)	259,150	(69,121)	190,701	34,657	315,651
Total comprehensive income for the period	-	-	-	(4,186)	2,043	-	(2,143)	(101)	(2,244)
Cost of share-based payment (share options)	-	-	-	-	-	60	60	-	60
Fair value changes of derivatives	-	-	-	-	-	(2,315)	(2,315)	-	(2,315)
Balance at 31 March 2016	92,052	(1,759)	3,000	(6,514)	261,193	(71,376)	186,303	34,556	311,152
Balance at 1 January 2015	92,052	(1,860)	3,000	(3,441)	262,628	(70,563)	191,624	30,835	312,651
Total comprehensive income for the period	-	-	-	3,157	5,024	-	8,181	1,958	10,139
Cost of share-based payment (share options)	-	-	-	-	-	75	75	-	75
Fair value changes of derivatives	-	-	-	-	-	545	545	-	545
Balance at 31 March 2015	92,052	(1,860)	3,000	(284)	267,652	(69,943)	200,425	32,793	323,410

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. (continued)

COMPANY	Share capital	Treasury shares	Retained earnings	Other reserves	Total reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2016	92,052	(1,759)	62,463	1,767	64,230	154,523
Total comprehensive income for the period	-	-	(2,233)	-	(2,233)	(2,233)
Cost of share-based payment (share options)	-	-	-	60	60	60
Fair value changes of derivatives	-	-	-	(2,315)	(2,315)	(2,315)
Balance at 31 March 2016	92,052	(1,759)	60,230	(488)	59,742	150,035
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

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 2016 ended 31 Mar 2016	1Q 2015 ended 31 Mar 2015
Issued share capital		
Issued and fully paid ordinary shares: As at beginning and end of period	561,818,660	561,818,660
Treasury shares		
As at beginning of period and end of period	2,041,000	2,159,000
Total number of issued shares excluding treasury shares	559,777,660	559,659,660

There were no share buyback and no new shares issued during the quarter ended 31 March 2016.

	As at 31-Mar-16	As at 31-Mar-15
The number of shares that may be issued on exercise of share options outstanding at the end of the period	8,335,500	6,113,500

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-16	As at 31-Dec-15
Total number of issued shares	561,818,660	561,818,660
Treasury shares	2,041,000	2,041,000
Total number of issued shares excluding treasury shares	559,777,660	559,777,660

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 2016.

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 2015, 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 2016. 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		
	<u>2016</u>	<u>2015</u>	<u>Change</u>
Based on weighted average number of ordinary shares in issue (in cents)	0.4	0.9	-56%
On a fully diluted basis (in cents)	0.4	0.9	-56%

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

	<u>Group</u>	<u>Company</u>
Net asset value per ordinary share based on Issued share capital at 31 March 2016 (In cents)	49.4	26.8
Net asset value per ordinary share based on Issued share capital at 31 December 2015 (In cents)	50.2	27.6

- 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 2016 Performance

Group revenue was 12% lower year-on-year (yoy) at \$181.1 million.

For the Basic Building Resources (BBR) division, although the ready-mixed concrete (RMC) and cement sales volume were comparable, the average selling price of RMC has softened by about 10% year-on-year (yoy), affected largely by very competitive pricing for projects in Singapore and lower raw material costs. There was a 5% drop in selling prices of RMC posted by Building & Construction Authority (BCA) in the three months from December 2015 to February 2016. For the whole of 2015, the BCA posted selling prices of RMC dropped by 7%.

At the Xinghua Port Group, cargo volume handled in Changshu Xinghua Port and Changshu Changjiang International Port Co., Ltd remained firm.

Vessel utilization dropped due to lower demand and surplus in fleet capacity in the region. The Shipping division posted \$0.9 million loss in the quarter.

The cuts in China's PBoC interest rate during the second half of 2015 helped to reduce interest expenses.

Due to margin compression and the loss in Shipping division, the Group reported a 48% yoy decline in its net profit after tax to \$3.1 million.

- 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 outlook for the BBR division remains challenging for the next 12 months. RMC and cement prices are expected to remain soft. We continue to focus on our service levels and product quality, as well as cost reductions.

Our track record in public sector projects will put us in a good position to compete for current and future mega infrastructure projects. These include Changi Airport Terminal 5, LTA Thomson-East Coast MRT Line, Jewel at Changi Airport, healthcare facilities and public housing projects.

Xinghua Port Group expects cargo volume for 2016 to be firm, given its strategic location at the gateway of the Yangtze River Delta which serves a diversified and highly industrialised region.

Outlook for the Shipping division also remains challenging.

11 If a decision regarding dividend has been made:

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable:

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2016.

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

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

14 Negative confirmation pursuant to Rule 705(5).

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results for the quarter ended 31 March 2016 to be false or misleading.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the SGX Listing Manual.

CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720 (1) of the SGX Listing Manual.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Joint Company Secretary
10 May 2016