



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

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 2017	1Q 2016	+/(-)
	\$'000	\$'000	%
Revenue	153,231	178,514	(14)
Other income	782	1,327	(41)
Raw materials, subcontract cost and other direct costs	(118,212)	(141,939)	(17)
Staff costs	(9,523)	(9,448)	1
Depreciation expenses	(6,051)	(5,823)	4
Other expenses	(14,137)	(13,212)	7
Finance costs	(2,898)	(3,241)	(11)
	<u>3,192</u>	<u>6,178</u>	(48)
Share of results of associates	1,273	480	165
Profit before income tax from continuing operations	<u>4,465</u>	<u>6,658</u>	(33)
Income tax	(520)	(1,719)	(70)
Profit from continuing operations, net of tax	<u>3,945</u>	<u>4,939</u>	(20)
Discontinued operations			
Loss from discontinued operations, net of tax	-	(1,798)	nm
Profit for the year	<u>3,945</u>	<u>3,141</u>	26
Attributable to:			
Equity holders of the Company			
Profit from continuing operations, net of tax	3,126	3,841	(19)
Loss from discontinued operations, net of tax	-	(1,798)	nm
	<u>3,126</u>	<u>2,043</u>	53
Non-controlling interests			
Profit from continuing operations, net of tax	819	1,098	(25)
	<u>3,945</u>	<u>3,141</u>	26

nm: Not meaningful

The Loss from discontinued operations in 1Q2016 comprised the results of the tug and barge business which was disposed on 7 December 2016.

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

A. Profit before income tax is arrived at after crediting/(charging) the following:	1Q 2017 \$'000	1Q 2016 \$'000	+/(-) %
Interest income	127	63	102
Interest expense	(2,852)	(3,183)	(10)
Dividend income from other investments	-	163	nm
Reversal of impairment loss on trade receivables	195	-	nm
Foreign exchange gain	1	340	(100)
Gain on disposal of property, plant and equipment	46	310	(85)
Write-off of property, plant and equipment	(307)	(36)	nm

B. The Group's tax charge for 1Q 2017 included a reversal of tax provision of \$728,000 related to previous periods.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME			
	1Q 2017 \$'000	1Q 2016 \$'000	+/(-) %
Profit for the period, net of tax	3,945	3,141	26
Other comprehensive income:			
Foreign currency translation	(5,544)	(5,385)	3
Fair value changes of derivatives	(3,346)	(2,315)	45
Other comprehensive income for the period, net of tax	<u>(8,890)</u>	<u>(7,700)</u>	15
Total comprehensive income for the period	<u>(4,945)</u>	<u>(4,559)</u>	8
Attributable to:			
Equity holders of the Company	(4,946)	(4,458)	11
Non-controlling interests	1	(101)	(101)
Total comprehensive income for the period	<u>(4,945)</u>	<u>(4,559)</u>	8
Attributable to Equity holders of the Company:			
Total comprehensive income from continuing operations, net of tax	(4,946)	(2,694)	84
Total comprehensive loss from discontinued operations, net of tax	-	(1,764)	(100)
Total comprehensive income for the period attributable to equity holders of the Company	<u>(4,946)</u>	<u>(4,458)</u>	11

nm : Not meaningful

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-17 \$'000	31-Dec-16 \$'000	31-Mar-17 \$'000	31-Dec-16 \$'000
Non-current assets				
Vessels, property, plant and equipment	445,235	455,178	301	318
Subsidiaries	-	-	178,970	180,119
Associates	10,096	9,803	-	-
Other investments	814	996	774	930
Other receivables	815	933	-	-
Goodwill	23,974	24,507	-	-
Deferred tax assets	915	831	-	-
	<u>481,849</u>	<u>492,248</u>	<u>180,045</u>	<u>181,367</u>
Current assets				
Cash and short-term deposits	77,120	72,662	43,757	43,270
Trade and other receivables	130,547	146,252	3,221	2,812
Prepayments	3,883	3,322	523	580
Work-in-progress	62	382	-	-
Inventories	17,248	20,193	-	-
Derivatives	-	2,879	-	2,879
Other assets	949	1,577	-	-
	<u>229,809</u>	<u>247,267</u>	<u>47,501</u>	<u>49,541</u>
Current liabilities				
Loans and borrowings	45,016	52,381	2,000	2,000
Payables and accruals	96,373	109,215	1,621	1,953
Deferred income	3,864	558	-	-
Provisions	1,947	1,983	-	-
Income tax payable	2,311	3,350	-	2
Derivatives	382	-	382	-
	<u>149,893</u>	<u>167,487</u>	<u>4,003</u>	<u>3,955</u>
Net current assets	<u>79,916</u>	<u>79,780</u>	<u>43,498</u>	<u>45,586</u>
Non-current liabilities				
Loans and borrowings	240,554	245,936	78,000	78,000
Deferred tax liabilities	10,287	10,605	-	-
Deferred income	863	893	-	-
Other liabilities	560	580	-	-
Provisions	3,047	3,000	-	-
Derivatives	453	368	453	368
	<u>255,764</u>	<u>261,382</u>	<u>78,453</u>	<u>78,368</u>
Net assets	<u>306,001</u>	<u>310,646</u>	<u>145,090</u>	<u>148,585</u>
Equity attributable to equity holders of the Company				
Share capital	92,052	92,052	92,052	92,052
Treasury shares	(1,381)	(1,759)	(1,381)	(1,759)
Reserves	178,370	183,394	54,419	58,292
	<u>269,041</u>	<u>273,687</u>	<u>145,090</u>	<u>148,585</u>
Non-controlling interests	36,960	36,959	-	-
Total equity	<u>306,001</u>	<u>310,646</u>	<u>145,090</u>	<u>148,585</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 cash and short term deposits came mainly from better working capital management.

- 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 2017		As of 31 Dec 2016	
	<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	23,016	22,000	20,381	32,000
Amount repayable after one year	137,554	103,000	142,936	103,000

Details of any collateral

Certain short and long-term bank loans are secured 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 2017	1Q 2016
	\$'000	\$'000
Cash flows from operating activities		
Profit before income tax	4,465	6,658
Loss from discontinued operations	-	(1,796)
Adjustments for		
Depreciation expenses	6,051	7,130
Dividend income from other investments	-	(163)
Interest income	(127)	(63)
Interest expense	2,852	3,183
Gain on disposal of property, plant and equipment	(46)	(310)
Reversal of impairment loss on trade receivables	(195)	-
Gain on disposal of other investments	(19)	-
Reversal of provisions	(21)	-
Write-off of property, plant and equipment	307	36
Share-based payment expenses	37	60
Share of results of associates	(1,273)	(480)
Foreign exchange differences	(249)	392
Operating cash flows before working capital changes	11,782	14,647
Decrease/(Increase) in		
Trade and other receivables	16,018	5,400
Prepayments	(561)	(1,281)
Inventories and work-in-progress	3,265	7,552
Other assets	628	520
Increase/(Decrease) in		
Payables, accruals and provisions	(12,810)	(22,938)
Deferred income	3,276	(696)
Cash flows from operations	21,598	3,204
Interest paid	(2,852)	(3,183)
Income tax paid	(1,961)	(1,614)
Interest received	127	63
Net cash flows from/(used in) operating activities	16,912	(1,530)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(5,096)	(11,665)
Purchase of other investments	-	(34)
Proceeds from disposal of property, plant and equipment	645	675
Proceeds from disposal of other investments	45	-
Dividend income from associates	840	-
Capital refund from other investments	156	163
Net cash flows used in investing activities	(3,410)	(10,861)
Cash flows from financing activities		
Proceeds from bank borrowings	-	15,675
Repayment of bank borrowings	(8,782)	(9,656)
Proceeds from reissuance of treasury shares	263	-
Net cash flows (used in)/from financing activities	(8,519)	6,019
Net increase/(decrease) in cash and cash equivalents	4,983	(6,372)
Cash and cash equivalents as at beginning of period	72,662	43,686
Effects of exchange rate changes on opening cash	(525)	(621)
Cash and cash equivalents as at end of period	77,120	36,693

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	Retained earnings	Other reserves	Total reserves		
				currency translation reserve					
GROUP	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2017	92,052	(1,759)	3,000	(6,766)	254,045	(66,885)	183,394	36,959	310,646
Total comprehensive income for the period	-	-	-	(4,726)	3,126	(3,346)	(4,946)	1	(4,945)
Cost of share-based payment (share options)	-	-	-	-	-	37	37	-	37
Reissuance of treasury shares	-	378	-	-	-	(115)	(115)	-	263
Balance at 31 March 2017	92,052	(1,381)	3,000	(11,492)	257,171	(70,309)	178,370	36,960	306,001
Balance at 1 January 2016	92,052	(1,759)	3,000	(2,328)	259,150	(69,121)	190,701	34,657	315,651
Effect of adjustment on reclassification of available-for sales investment to associate	-	-	-	-	2,088	-	2,088	-	2,088
Total comprehensive income for the period	-	-	-	(4,186)	2,043	(2,315)	(4,458)	(101)	(4,559)
Cost of share-based payment (share options)	-	-	-	-	-	60	60	-	60
Balance at 31 March 2016	92,052	(1,759)	3,000	(6,514)	263,281	(71,376)	188,391	34,556	313,240

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)

<u>COMPANY</u>	Share capital	Treasury shares	Retained earnings	Other reserves	Total reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2017	92,052	(1,759)	54,289	4,003	58,292	148,585
Total comprehensive income for the period	-	-	(449)	(3,346)	(3,795)	(3,795)
Cost of share-based payment (share options)	-	-	-	37	37	37
Reissuance of treasury shares	-	378	-	(115)	(115)	263
Balance at 31 March 2017	92,052	(1,381)	53,840	579	54,419	145,090
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)	(2,315)	(4,548)	(4,548)
Cost of share-based payment (share options)	-	-	-	60	60	60
Balance at 31 March 2016	92,052	(1,759)	60,230	(488)	59,742	150,035

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 2017 ended 31 Mar 2017	1Q 2016 ended 31 Mar 2016
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	2,041,000	2,041,000
Less: Transfer of treasury shares to employees to fulfill obligations under the Pan-United Share Option Scheme	(438,000)	-
As at end of period	1,603,000	2,041,000
Total number of issued shares excluding treasury shares	560,215,660	559,777,660

There were no share buyback and no new shares issued during the quarter ended 31 March 2017.

	As at 31-Mar-17	As at 31-Mar-16
The number of shares that may be issued on exercise of share options outstanding at the end of the period	10,469,500	8,335,500

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-17	As at 31-Dec-16
Total number of issued shares	561,818,660	561,818,660
Treasury shares	1,603,000	2,041,000
Total number of issued shares excluding treasury shares	560,215,660	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.

During the quarter ended 31 March 2017, 438,000 treasury shares were transferred to employees pursuant to the Pan-United Share Option Scheme.

1(d)(v) Subsidiary holdings.

There were no subsidiary holdings as at the end of the current financial period reported on.

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

The 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 2016, 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 2017. 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 (from continuing operations)	Quarter ended 31 March		
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Based on weighted average number of ordinary shares in issue (in cents)	0.6	0.7	-14%
On a fully diluted basis (in cents)	0.6	0.7	-14%

- 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 2017 (In cents)	48.0	25.9
Net asset value per ordinary share based on Issued share capital at 31 December 2016 (In cents)	48.9	26.5

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

Review of 1Q2017 Performance

Group revenue was 14% lower year-on-year (yoy) at \$153.2 million, mainly due to lower ready mixed concrete (RMC) and cement demand and selling prices in Singapore.

For the period of January to February 2017, the Building and Construction Authority ("BCA") reported a 12% and 30% yoy decline in the industry demand for RMC and cement respectively. The average prices of RMC and cement in the quarter, based on BCA's reports, fell by 10% and 13% respectively, compared to 1Q2016. However, higher sales volume in our overseas RMC operations was achieved in the quarter.

In the Ports division, cargo volumes handled in Changshu Xinghua Port and Changshu Changjiang International Port Co., Ltd grew 6% yoy, which partly mitigated the lower revenue from the Concrete & Cement (C&C) division.

The Group recorded lower profit after tax of \$3.9 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.

C&C division

For FY2017, BCA has projected lower RMC demand in Singapore of 12.0 - 13.5 million m³ compared to 14.0 million m³ in 2016. Market condition is expected to remain challenging.

While the demand in Singapore is softer, the Group continues on its regionalisation thrust to develop new markets in Vietnam, Malaysia and Indonesia for longer-term growth. In Vietnam, the Group is already one of the leading RMC suppliers in Ho Chi Minh City. There, it has leveraged on its market leadership and strong track record in Singapore to broaden its base of projects in Vietnam.

Ports division

The Ports division will continue its efforts to expand cargo volume and optimise cargo mix. It also looks to enhance revenues by providing value-added services such as warehousing in its distinctive role as a logistics hub port.

Significantly, the robust local demand for pulp and paper to feed China's consumer markets will boost the port's standing as one of China's top ten river ports. Already, the Group's ports handle more than 20% of China's total imports of pulp and paper.

Others

On 3 May 2017, the Company will announce to undertake a proposed rights issue and a de-merger of its wholly-owned subsidiary, Xinghua Port Holdings Pte. Ltd. as a separate listed entity. For more information on this, please refer to the announcement which will be posted on SGXNET.

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/recommended, a statement to that effect.

No dividend has been declared for the quarter ended 31 March 2017.

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 2017 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

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Joint Company Secretary
3 May 2017