

PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2008

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

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

	Group			Group		
	2Q 2008 \$'000	2Q 2007 \$'000	+/(-) %	1H 2008 \$'000	1H 2007 \$'000	+/(-) %
Revenue	135,977	108,447	25	253,051	195,454	29
Other operating income	2,737	3,123	(12)	4,226	5,232	(19)
Raw materials, subcontract costs and other direct costs	(99,875)	(77,089)	30	(184,483)	(139,162)	33
Staff costs	(4,547)	(6,928)	(34)	(8,867)	(12,771)	(31)
Depreciation expenses	(3,332)	(3,221)	3	(6,894)	(6,351)	9
Other operating expenses	(12,015)	(9,177)	31	(20,912)	(16,621)	26
Finance costs	(1,787)	(1,399)	28	(3,276)	(2,523)	30
	17,158	13,756	25	32,845	23,258	41
Share of results of associates	218	235	(7)	486	414	17
Profit before income tax	17,376	13,991	24	33,331	23,672	41
Income tax	(2,810)	(3,394)	(17)	(5,550)	(4,884)	14
Profit for the period	14,566	10,597	37	27,781	18,788	48
Attributable to:						
Equity holders of the Company	13,211	8,652	53	24,931	15,418	62
Minority interests	1,355	1,945	(30)	2,850	3,370	(15)

Notes to the income statement

Profit before income tax is arrived at after crediting/ (charging) the following:	Group			Group		
	2Q 2008 \$'000	2Q 2007 \$'000	+/(-) %	1H 2008 \$'000	1H 2007 \$'000	+/(-) %
Interest income from external parties	200	392	(49)	447	1,030	(57)
Interest expense on bank loans	(1,575)	(1,360)	16	(3,019)	(2,454)	23
Dividend income from investments	1,477	1,271	16	1,777	1,331	34
Provision for doubtful debts on trade receivables	-	(31)	NM	-	(274)	NM
Impairment in value of vessels, property, plant and equipment	-	(915)	NM	-	(915)	NM
Foreign exchange loss	(198)	(4)	NM	(574)	(94)	511
Fair value adjustments on held for trading investments	56	352	(84)	272	928	(71)
Loss on disposal of vessels, property, plant and equipment	(238)	(88)	170	(621)	(94)	561

The Group's tax charge for the period ended 30 June 2008 included a tax refund of \$297,000 (period ended 30 June 2007: Nil) in respect of prior years.

NM: Not meaningful

1(b)(i) A balance sheet (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 June 2008 \$'000	31 Dec 2007 \$'000	30 June 2008 \$'000	31 Dec 2007 \$'000
Non-current assets				
Vessels, property, plant and equipment	230,161	204,425	467	583
Subsidiaries	-	-	149,663	115,086
Associates	4,137	4,634	-	-
Investment property	20,800	20,800	20,800	20,800
Other investments	28,505	30,358	2,272	2,826
Deferred tax assets	684	717	-	-
	<u>284,287</u>	<u>260,934</u>	<u>173,202</u>	<u>139,295</u>
Current assets				
Cash and cash equivalents	31,073	61,055	1,116	32,095
Short term investments	22,303	6,050	1,443	6,050
Trade and other receivables	140,216	114,406	161	5,576
Prepayments	2,043	887	3,487	31
Work-in-progress	2,616	763	-	-
Inventories	13,791	14,011	-	-
	<u>212,042</u>	<u>197,172</u>	<u>6,207</u>	<u>43,752</u>
Current liabilities				
Bank loans	21,449	8,244	13,000	-
Payables and accruals	82,019	76,480	3,741	4,763
Derivatives	1,709	2,196	-	-
Deferred income	3,057	672	-	-
Provision for income tax	9,835	9,584	71	1,262
	<u>118,069</u>	<u>97,176</u>	<u>16,812</u>	<u>6,025</u>
Net current assets	93,973	99,996	(10,605)	37,727
Non-current liabilities				
Bank loans	88,544	86,540	-	-
Deferred tax liabilities	1,099	613	-	-
Advances from minority interest	305	362	-	-
Deferred income	2,499	2,438	-	-
Other liabilities	1,400	1,250	-	-
	<u>93,847</u>	<u>91,203</u>	<u>-</u>	<u>-</u>
Net assets	<u>284,413</u>	<u>269,727</u>	<u>162,597</u>	<u>177,022</u>
Equity attributable to equity holders of the Company				
Share capital	85,674	84,975	85,674	84,975
Reserves	159,619	148,754	76,923	92,047
	<u>245,293</u>	<u>233,729</u>	<u>162,597</u>	<u>177,022</u>
Minority interests	39,120	35,998	-	-
Total equity	<u>284,413</u>	<u>269,727</u>	<u>162,597</u>	<u>177,022</u>

Explanatory Notes to Balance Sheets

The increase in non-current assets arose from capital expenditure.

The Group has increased its short term quoted investments and disposed some of its long term quoted investments during the period.

The increase in trade and other receivables, trade and other payables was due to an increase in business volume during the period.

The decrease in cash and cash equivalents and increase in bank loans were for capital expenditure, short term quoted investment and working capital requirements.

1(b) (ii) Aggregate amount of group's borrowings and debt securities.

	As at 30 June 2008		As at 31 Dec 2007	
	<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	90	21,368	92	8,152
Amount repayable after one year	<u>Secured</u> \$'000 68	<u>Unsecured</u> \$'000 88,476	<u>Secured</u> \$'000 118	<u>Unsecured</u> \$'000 86,422

Details of any collateral.

The secured bank borrowing of \$0.2 million (2007: \$0.2 million) is denominated in Malaysia Ringgit (RM), with a fixed charge on a subsidiary's plant and machinery as well as a fixed deposit of RM1.0 million (2007: RM 1.0 million). The loan bears interest at 6.0% (2007: 6.0%) per annum and is repayable in 60 monthly instalments.

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

	Group		Group	
	2Q 2008 \$'000	2Q 2007 \$'000	1H 2008 \$'000	1H 2007 \$'000
Cash flows from operating activities				
Profit before income tax	17,376	13,991	33,331	23,672
Adjustments for:				
Depreciation expenses	3,332	3,221	6,894	6,351
Dividend income from other investments	(1,477)	(1,271)	(1,777)	(1,331)
Interest expense, net	1,375	968	2,572	1,424
Loss on disposal of vessels, property, plant and equipment	238	88	621	94
Impairment loss on vessels, property, plant and equipment	-	915	-	915
Loss on disposal of other investments	15	-	15	-
Changes in fair value of financial instruments	(56)	(352)	(272)	(928)
Share based payment expenses	79	82	158	168
Share of results of associated companies	(218)	(235)	(486)	(414)
Operating cash flows before working capital changes	20,664	17,407	41,056	29,951
(Increase) Decrease in:				
Trade receivables and other receivables	(34,757)	(36,580)	(25,810)	(40,479)
Prepayments	(55)	144	(1,156)	(501)
Inventories and work-in-progress	(1,247)	(6,409)	(1,633)	(8,624)
Increase (Decrease) in:				
Trade payables and accruals	11,817	12,492	5,689	15,431
Deferred income	2,367	(182)	2,446	(1,084)
Cash flow (used in)/generated from operating activities	(1,211)	(13,128)	20,592	(5,306)
Interest paid	(1,575)	(1,360)	(3,019)	(2,454)
Income tax paid	(3,092)	(654)	(4,780)	(452)
Interest received	200	392	447	1,030
Exchange differences	(670)	147	(531)	107
Net cash flows (used in)/generated from operating activities	(6,348)	(14,603)	12,709	(7,075)
Cash flows from investing activities				
Acquisition of vessels, property, plant and equipment	(19,044)	(4,854)	(29,871)	(17,935)
Capital refund from long term investments	43	11	43	134
Purchase of short term investments	(20,000)	-	(20,000)	-
Purchase of investment in an associate	(114)	-	(114)	-
Proceeds from sale of other investments	1,183	-	1,183	-
Proceeds from disposal of vessels, property, plant and equipment	5	41	8	41
Net proceeds from disposal of short term investments	-	2,672	4,612	4,149
Dividend income from associated companies	1,111	625	1,111	625
Dividend income from other investments	1,477	1,271	1,777	1,331
Net cash flows used in investing activities	(35,339)	(234)	(41,251)	(11,655)
Cash flows from financing activities				
Net proceeds from bank borrowings	13,621	10,458	13,601	10,438
Proceeds from issuance of share capital	523	35	531	517
Dividends paid to shareholders	(14,616)	(23,624)	(14,616)	(23,625)
Dividends paid to minority interests	(676)	(7,359)	(676)	(7,359)
Net cash used in financing activities	(1,148)	(20,490)	(1,160)	(20,029)
Net decrease in cash and cash equivalents	(42,835)	(35,327)	(29,702)	(38,759)
Cash and cash equivalents as at beginning of period	73,843	69,897	61,055	73,464
Effects of exchange rate changes on opening cash and cash equivalents	65	261	(280)	126
Cash and cash equivalents as at end of period	31,073	34,831	31,073	34,831

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						Minority interests	Total equity
	Share capital	Capital reserve *	Foreign currency translation reserve	Accumulated profits	Other reserves	Total reserves		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2008	84,975	3,000	(3,347)	149,970	(869)	148,754	35,998	269,727
Cost of share-based payment (share options)	-	-	-	-	79	79	-	79
Issue of shares under share option plan	10	-	-	-	(2)	(2)	-	8
Currency translation differences	-	-	(379)	-	-	(379)	(45)	(424)
Net profit for the period	-	-	-	11,720	-	11,720	1,495	13,215
Net change in hedging reserve	-	-	-	-	(242)	(242)	(206)	(448)
Balance at 31 March 2008	84,985	3,000	(3,726)	161,690	(1,034)	159,930	37,242	282,157
Cost of share-based payment (share options)	-	-	-	-	79	79	-	79
Issue of shares under share option plan	689	-	-	-	(166)	(166)	-	523
Currency translation differences	-	-	677	-	-	677	769	1,446
Net profit for the period	-	-	-	13,211	-	13,211	1,355	14,566
Net change in hedging reserve	-	-	-	-	504	504	430	934
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(676)	(676)
Dividends on ordinary shares	-	-	-	(14,616)	-	(14,616)	-	(14,616)
Balance at 30 June 2008	85,674	3,000	(3,049)	160,285	(617)	159,619	39,120	284,413
Balance at 1 January 2007	83,689	3,000	(2,508)	150,186	(616)	150,062	37,317	271,068
Cost of share-based payment (share options)	-	-	-	-	86	86	-	86
Issue of shares under share option plan	638	-	-	-	(156)	(156)	-	482
Currency translation differences	-	-	(387)	-	-	(387)	(208)	(595)
Net profit for the period	-	-	-	6,766	-	6,766	1,425	8,191
Net change in hedging reserve	-	-	-	-	(99)	(99)	(84)	(183)
Balance at 31 March 2007	84,327	3,000	(2,895)	156,952	(785)	156,272	38,450	279,049
Cost of share-based payment (share options)	-	-	-	-	82	82	-	82
Issue of shares under share option plan	47	-	-	-	(12)	(12)	-	35
Currency translation differences	-	-	1,033	-	-	1,033	888	1,921
Net profit for the period	-	-	-	8,652	-	8,652	1,945	10,597
Net change in hedging reserve	-	-	-	-	105	105	89	194
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(7,359)	(7,359)
Dividends on ordinary shares	-	-	-	(23,624)	-	(23,624)	-	(23,624)
Balance at 30 June 2007	84,374	3,000	(1,862)	141,980	(610)	142,508	34,013	260,895
Note								
* The capital reserve comprises the reserve fund, enterprise expansion fund and staff welfare fund transferred from retained earnings by an overseas subsidiary in compliance with statutory requirements.								

COMPANY	Share capital	Accumulated profits	Other reserves	Total reserves	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2008	84,975	91,489	558	92,047	177,022
Cost of share-based payment (share options)	-	-	79	79	79
Issue of shares under share option plan	10	-	(2)	(2)	8
Net profit for the period	-	(297)	-	(297)	(297)
Balance at 31 March 2008	84,985	91,192	635	91,827	176,812
Cost of share-based payment (share options)	-	-	79	79	79
Issue of shares under share option plan	689	-	(166)	(166)	523
Net profit for the period	-	(201)	-	(201)	(201)
Dividends on ordinary shares	-	(14,616)	-	(14,616)	(14,616)
Balance at 30 June 2008	85,674	76,375	548	76,923	162,597
Balance at 1 January 2007	83,689	122,073	470	122,543	206,232
Cost of share-based payment (share options)	-	-	86	86	86
Issue of shares under share option plan	638	-	(156)	(156)	482
Net profit for the period	-	592	-	592	592
Balance at 31 March 2007	84,327	122,665	400	123,065	207,392
Cost of share-based payment (share options)	-	-	82	82	82
Issue of shares under share option plan	47	-	(12)	(12)	35
Net profit for the period	-	(867)	-	(867)	(867)
Dividends on ordinary shares	-	(23,625)	-	(23,625)	(23,625)
Balance at 30 June 2007	84,374	98,173	470	98,643	183,017

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 or cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

	2Q 2008 ended 30 Jun 2008	1Q 2008 ended 31 Mar 2008
Issued and fully paid ordinary shares :		
As at beginning of period	550,363,160	550,347,160
Issued during the period - Exercise of share options	1,186,000	16,000
As at end of period	551,549,160	550,363,160
	As at 30 Jun 2008	As at 31 Dec 2007
The number of shares that may be issued on exercise of share options outstanding at the end of the period	6,645,000	7,847,000

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 2008	As at 31 Dec 2007
Total number of issued shares	551,549,160	550,347,160
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	551,549,160	550,347,160

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.

Not applicable.

2 Whether the figures have been audited or reviewed, and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard).

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

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

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's 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 2007.

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.

Not applicable.

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 preference dividends.

	Quarter ended 30 June			Half year ended 30 June		
	2008	2007	Change	2008	2007	Change
Earnings per ordinary share for the period based on equity holders of the company						
Based on weighted average number of ordinary shares in issue (in cents)	2.40	1.58	52%	4.53	2.81	61%
On a fully diluted basis (in cents)	2.39	1.57	53%	4.51	2.79	62%

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

	Group	Company
Net asset value per ordinary share based on issued share capital at 30 June 2008 (in cents)	44.5	29.5
Net asset value per ordinary share based on issued share capital at 31 December 2007 (in cents)	42.5	32.2

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

Review of 2Q 2008 and 1H 2008 Performance

Group net attributable profit rose 62% year on year to \$24.9 million in 1H 2008 on the back of 29% higher revenue sales of \$253.0 million. The improved performance came largely from expanded operations of the Shipping and Basic Building Materials (previously known as Industrial and Trading division) divisions.

Changshu Xinghua Port (CXP) handled more containers and forestry products and diversified its cargo mix further in 1H 2008. Handling fees held well despite the competitive operating environment. However, CXP recorded a lower PATMI as a result of lower steel and log cargoes handled and higher interest cost.

The Shipping division operated with a total of 8 pairs of tugboats and barges compared to 5 pairs in 1H 2007. Their high utilization and firmer freight rates lifted the divisional sales by 32% in 1H 2008.

Our Basic Building Materials division benefited from the strong construction demand in Singapore, recording a 34% increase in revenue in 1H 2008 from higher sales in cement, ready-mixed concrete and refined petroleum products.

Reflecting the increase in interest rates in China, finance expenses also rose in 1H 2008.

Tax expense for 1H 2008 was higher than 1H 2007 as a result of the higher taxable operating profit recorded.

- 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 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.**

CXP will continue to diversify its cargo base and further improve its productivity level.

The Shipping division has committed to acquire 7 pairs of new tugboats and barges which will grow its fleet to 15 pairs by the end of 1H 2009. The expanded fleet will be deployed to meet higher shipping demand and support higher raw material transportation requirement of Basic Building Materials division.

The Basic Building Materials division expects continued strong domestic construction demand.

The Group has a positive profit outlook for FY 2008.

11 Dividend

(a) Current Financial Period Reported On

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

Name of dividend	Interim
Dividend type	Cash
Dividend rate	S\$0.018 per ordinary share (1-tier tax exempt)

Name of dividend	Special
Dividend type	Cash
Dividend rate	S\$0.01 per ordinary share (1-tier tax exempt)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of dividend	Interim
Dividend type	Cash
Dividend rate	S\$0.0061 per ordinary share (less 18% tax) and S\$0.013 per ordinary share (tax exempt)

(c) Date payable:

The dividends will be payable on 9 September 2008.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed on 28 August 2008 for the preparation of dividend warrants. Registrable share transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, No. 3 Church Street #08-01, Samsung Hub, Singapore 049483 by 5.00 p.m. on 27 August 2008 will be registered before the entitlements to the dividends are determined.

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

Not applicable.

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 2008 to be false or misleading.

BY ORDER OF THE BOARD

Loh Yeen Ying
Company Secretary
12 August 2008