

PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2009

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.

INCOME STATEMENT

	Group		
	1Q 09 \$'000	1Q 08 \$'000	+ / (-) %
Revenue	128,296	117,074	10
Other income	981	1,489	(34)
Raw materials, subcontract costs and other direct costs	(98,848)	(84,608)	17
Staff costs	(5,308)	(4,320)	23
Depreciation expenses	(4,010)	(3,562)	13
Other expenses	(7,292)	(8,897)	(18)
Finance costs	(1,785)	(1,489)	20
	12,034	15,687	(23)
Share of results of associates	471	268	76
Profit before income tax	12,505	15,955	(22)
Income tax	(1,420)	(2,740)	(48)
Profit for the period, net of tax	11,085	13,215	(16)
Profit attributable to:			
Owners of the parent	9,904	11,720	(15)
Minority interests	1,181	1,495	(21)
	11,085	13,215	(16)

Notes to the income statement

A. Profit before income tax is arrived at after crediting/ (charging) the following:	Group		
	1Q 09 \$'000	1Q 08 \$'000	+ / (-) %
Interest income from external parties	74	247	(70)
Interest expense on bank loans	(1,737)	(1,444)	20
Dividend income from investments	31	300	(90)
Foreign exchange gain/(loss)	90	(376)	nm
Fair value adjustments on investments held for trading.	(25)	216	nm
Loss on disposal of vessels, property, plant and equipment	(149)	(383)	nm

B: The Group's tax charge for the period ended 31 March 2009 included a tax provision of \$13,691 (period ended 31 March 2008: Nil) in respect of prior years.

Statement of Comprehensive Income	Group		
	1Q 09 \$'000	1Q 08 \$'000	+ / (-) %
Profit for the period, net of tax	11,085	13,215	(16)
Other comprehensive income:			
Foreign currency translation	4,425	(424)	nm
Gain/(loss) on hedging instruments	1,605	(448)	(458)
Other comprehensive income for the period, net of tax	6,030	(872)	(792)
Total comprehensive income for the period	17,115	12,343	39
Total comprehensive income attributable to:			
Owners of the parent	14,242	11,099	28
Minority interests	2,873	1,244	131
	17,115	12,343	39

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.

STATEMENT OF FINANCIAL POSITION

	Group		Company	
	31 Mar 2009 \$'000	31 Dec 2008 \$'000	31 Mar 2009 \$'000	31 Dec 2008 \$'000
Non-current assets				
Vessels, property, plant and equipment	276,033	253,489	310	366
Subsidiaries	-	-	110,987	114,094
Associates	5,328	4,642	-	-
Investment property	7,400	7,400	7,400	7,400
Other investments	14,387	14,398	176	176
Deferred tax assets	1,374	1,374	-	-
	<u>304,522</u>	<u>281,303</u>	<u>118,873</u>	<u>122,036</u>
Current assets				
Cash and cash equivalents	71,463	66,165	50,199	46,288
Short term investments	1,525	1,472	1,525	1,472
Trade and other receivables	111,138	121,525	2,394	2,066
Derivatives	919	-	919	-
Prepayments	1,865	920	50	73
Work-in-progress	318	619	-	-
Inventories	18,509	21,577	-	-
	<u>205,737</u>	<u>212,278</u>	<u>55,087</u>	<u>49,899</u>
Current liabilities				
Bank loans	14,673	12,457	10,000	8,000
Payables and accruals	70,870	77,022	2,757	4,024
Derivatives	814	1,499	-	821
Deferred income	432	755	-	-
Provisions	5,495	5,822	-	-
Income tax payable	8,515	8,870	192	201
	<u>100,799</u>	<u>106,425</u>	<u>12,949</u>	<u>13,046</u>
Net current assets	104,938	105,853	42,138	36,853
Non-current liabilities				
Bank loans	93,473	88,853	-	-
Deferred tax liabilities	2,488	2,383	-	-
Advances from minority interest	264	304	-	-
Deferred income	2,546	2,420	-	-
Provisions	1,730	1,400	-	-
	<u>100,501</u>	<u>95,360</u>	<u>-</u>	<u>-</u>
Net assets	<u>308,959</u>	<u>291,796</u>	<u>161,011</u>	<u>158,889</u>
Equity attributable to equity holders of the Company				
Share capital	85,674	85,674	85,674	85,674
Reserves	185,564	171,274	75,337	73,215
	<u>271,238</u>	<u>256,948</u>	<u>161,011</u>	<u>158,889</u>
Minority interests	37,721	34,848	-	-
Total equity	<u>308,959</u>	<u>291,796</u>	<u>161,011</u>	<u>158,889</u>

Explanatory Notes to Balance Sheets

The increase in non-current assets was due to capital expenditure, mainly for purchase of vessels during the period.

Current assets decreased due to a reduction in both inventories and trade receivables.

The increase in bank loans under non-current liabilities mainly arises from the upward currency revaluation of bank loans in Renminbi.

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

	As at 31 Mar 2009		As at 31 Dec 2008	
	<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	79	14,594	91	12,366
Amount repayable after one year	11	93,462	22	88,831

Details of any collateral

The secured bank borrowing of \$90,000 (2008: \$113,000) is denominated in Malaysia Ringgit (RM), with a fixed charge on a subsidiary's plant and machinery as well as a fixed deposit of RM 1.0 million (2008: RM 1.0 million). The loan bears interest at 8.00% (2008: 6.00% to 8.25%) per annum and is repayable in 60 monthly instalments.

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.

	Group	
	1Q 2009 \$'000	1Q 2008 \$'000
Cash flows from operating activities		
Profit before income tax	12,505	15,955
Adjustments for:		
Depreciation expenses	4,010	3,562
Dividend income from other investments	(31)	(300)
Interest expense, net	1,663	1,197
Loss on disposal of vessels, property, plant and equipment	149	383
Provisions	(601)	-
Changes in fair value of financial instruments	25	(216)
Share based payment expenses	48	79
Share of results of associated companies	(471)	(268)
Operating cash flows before working capital changes	17,297	20,392
(Increase) Decrease in:		
Trade receivables and other receivables	10,387	8,947
Prepayments	(945)	(1,101)
Inventories and work-in-progress	3,369	(386)
Increase (Decrease) in:		
Trade payables and accruals	(6,152)	(6,128)
Deferred income	(197)	79
Cash flow generated from operating activities	23,759	21,803
Interest paid	(1,737)	(1,444)
Income tax paid	(1,670)	(1,688)
Interest received	74	247
Exchange differences	(263)	139
Net cash flows generated from operating activities	20,163	19,057
Cash flows from investing activities		
Acquisition of vessels, property, plant and equipment	(17,769)	(10,827)
Proceeds from disposal of vessels, property, plant and equipment	-	3
Net proceeds from disposal of short term investments	-	4,612
Dividend income from other investments	31	300
Net cash flows generated used in investing activities	(17,738)	(5,912)
Cash flows from financing activities		
Net (repayment of)/proceeds from bank borrowings	1,976	(20)
Proceeds from issuance of share capital	-	8
Net cash from/(used in) financing activities	1,976	(12)
Net increase in cash and cash equivalents	4,401	13,133
Cash and cash equivalents as at beginning of period	66,165	61,055
Effects of exchange rate changes on opening cash and cash equivalents	897	(345)
Cash and cash equivalents as at end of period	71,463	73,843

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	Retained earnings	Other reserves	Total reserves		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Balance at 1 January 2009	85,674	3,000	(1,049)	170,043	(720)	171,274	34,848	291,796
Total comprehensive income for the period	-	-	2,671	9,904	1,667	14,242	2,873	17,115
Cost of share-based payment (share options)	-	-	-	-	48	48	-	48
Balance at 31 March 2009	85,674	3,000	1,622	179,947	995	185,564	37,721	308,959
Balance at 1 January 2008	84,975	3,000	(3,347)	149,970	(869)	148,754	35,998	269,727
Total comprehensive income for the period	-	-	(379)	11,720	(242)	11,099	1,244	12,343
Cost of share-based payment (share options)	-	-	-	-	79	79	-	79
Issue of shares under share option plan	10	-	-	-	(2)	(2)	-	8
Balance at 31 March 2008	84,985	3,000	(3,726)	161,690	(1,034)	159,930	37,242	282,157
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.							

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	Accumulated profits	Other reserves	Total reserves	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2009	85,674	73,327	(112)	73,215	158,889
Total comprehensive income for the period	-	334	1,740	2,074	2,074
Cost of share-based payment (share options)	-	-	48	48	48
Balance at 31 March 2009	85,674	73,661	1,676	75,337	161,011
Balance at 1 January 2008	84,975	91,489	558	92,047	177,022
Total comprehensive income for the period	-	(297)	-	(297)	(297)
Cost of share-based payment (share options)	-	-	79	79	79
Issue of shares under share option plan	10	-	(2)	(2)	8
Balance at 31 March 2008	84,985	91,192	635	91,827	176,812

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.

	1Q 2009 ended 31 Mar 2009	4Q 2008 ended 31 Dec 2008
Issued and fully paid ordinary shares :		
As at beginning of period	551,549,160	551,549,160
Issued during the period - Exercise of share options	-	-
As at end of period	551,549,160	551,549,160
	As at 31 Mar 2009	As at 31 Dec 2008
The number of shares that may be issued on exercise of share options outstanding at the end of the period	8,561,000	8,681,000

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 31 Mar 2009	As at 31 Dec 2008
Total number of issued shares	551,549,160	551,549,160
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	551,549,160	551,549,160

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

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

3 Where the figures have been audited or reviewed the auditors' report (including any qualification or

Not applicable.

4 Whether the same accounting polices 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 2008, 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 2009. 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 preference dividends.

	<u>Quarter ended 31 Mar</u>		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
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)	1.80	2.13	-15%
On a fully diluted basis (in cents)	1.80	2.12	-15%

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: (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 2009 (in cents)	49.2	29.2
Net asset value per ordinary share based on issued share capital at 31 December 2008 (in cents)	46.6	28.8

- 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 1Q 2009 Performance

The Group's revenue was up 10% year-on-year (yoy) at \$128.3 million, on the back of higher sales volume of basic building materials in spite of softer selling price. However, net attributable profit (PATMI) receded 15% yoy to \$9.9 million, mainly because of the more difficult trading environment.

The Basic Building Materials division (BBM) recorded higher sales activities because of higher demand.

The Shipping division recorded higher coastal shipping activities from its owned vessels. Its enlarged fleet of 11 tugboats and nine barges and its containership were well-deployed.

Cargo volumes at our Changshu Xinghua Port were adversely affected in January 2009 due to continuing severe trade contraction in China. However, throughput activities recorded relatively strong growth in February and March 2009, probably attributable to domestic stimulus measures undertaken by the Chinese government.

Staff costs were higher, in tandem with the higher level of activities. Our continued emphasis on cost management resulted in lower operating expenses incurred. The higher interest costs arose from higher renminbi exchange and interest rates, as about 91% of the Group's borrowings are denominated in renminbi.

Tax levied was proportionally lower because of the lower Singapore tax rate of 17% in 2009 and higher tax-exempt shipping profit.

- 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.**

The BBM division expects demand for cement and ready-mixed concrete to rise for 2009, although selling prices are expected to soften.

The Shipping division has taken delivery of one barge in April and will take delivery of the remaining three tugboats and four barges over the next three months. They are expected to be well-utilised.

The Rmb4.0 trillion stimulus package announced by the Chinese government is expected to improve domestic demand, and our Port division should benefit with higher cargo throughput.

11 Dividend

(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 2009.

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 2009 to be false or misleading.

BY ORDER OF THE BOARD

Loh Yeen Ying
Company Secretary
12 May 2009