

# PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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.

	Group			Group		
	3Q 2009	3Q 2008	+/(-) %	YTD 2009	YTD 2008	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>	<b>118,112</b>	<b>155,000</b>	<b>(24)</b>	<b>373,938</b>	<b>408,051</b>	<b>(8)</b>
Other income	2,382	1,274	87	5,198	4,879	7
Raw materials, subcontract costs and other direct costs	(92,972)	(119,849)	(22)	(287,458)	(304,332)	(6)
Staff costs	(5,772)	(4,884)	18	(16,696)	(13,751)	21
Depreciation expenses	(4,501)	(3,531)	27	(12,741)	(10,425)	22
Other expenses	(6,473)	(9,950)	(35)	(21,493)	(30,241)	(29)
Finance costs	(1,357)	(1,849)	(27)	(4,710)	(5,125)	(8)
	<b>9,419</b>	<b>16,211</b>	<b>(42)</b>	<b>36,038</b>	<b>49,056</b>	<b>(27)</b>
Share of results of associates	427	185	131	1,314	671	96
<b>Profit before income tax</b>	<b>9,846</b>	<b>16,396</b>	<b>(40)</b>	<b>37,352</b>	<b>49,727</b>	<b>(25)</b>
Income tax	(561)	(2,477)	(77)	(3,488)	(8,027)	(57)
<b>Profit for the period, net of tax</b>	<b>9,285</b>	<b>13,919</b>	<b>(33)</b>	<b>33,864</b>	<b>41,700</b>	<b>(19)</b>
<b>Profit attributable to:</b>						
Equity holders of the Company	7,671	12,456	(38)	28,831	37,387	(23)
Minority interests	1,614	1,463	10	5,033	4,313	17
	<b>9,285</b>	<b>13,919</b>	<b>(33)</b>	<b>33,864</b>	<b>41,700</b>	<b>(19)</b>

### Notes to the income statement

A. Profit before income tax is arrived at after crediting/ (charging) the following:	Group			Group		
	3Q 2009	3Q 2008	+/(-) %	YTD 2009	YTD 2008	+/(-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income from external parties	53	98	(46)	194	545	(64)
Interest expense on bank loans	(1,270)	(1,783)	(29)	(4,362)	(4,802)	(9)
Dividend income from investments	767	1,088	(30)	1,712	2,865	(40)
Foreign exchange (loss)/gain	(221)	355	nm	(23)	(219)	nm
Fair value adjustments on held for trading investments	1,093	(1,800)	nm	2,120	(1,528)	nm
Gain/(loss) on disposal of vessels, property, plant and equipment	10	(823)	nm	(139)	(1,444)	nm
(Loss)/gain on disposal of other investments	-	(539)	nm	5	(554)	nm
<b>Exceptional item :</b>						
Gain on disposal of investment property	-	3,094	nm	-	3,094	nm

**B. The Group's tax charge for the period ended 30 September 2009 included a tax refund of \$447,000 (period ended 30 September 2008: \$297,000) in respect of prior years.**

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	
	30 Sep 2009 \$'000	31 Dec 2008 \$'000	30 Sep 2009 \$'000	31 Dec 2008 \$'000
<b>Non-current assets</b>				
Vessels, property, plant and equipment	279,719	253,489	236	366
Subsidiaries	-	-	109,805	114,094
Associates	5,977	4,642	-	-
Investment property	7,400	7,400	7,400	7,400
Other investments	16,426	14,398	131	176
Deferred tax assets	1,374	1,374	-	-
	<b>310,896</b>	<b>281,303</b>	<b>117,572</b>	<b>122,036</b>
<b>Current assets</b>				
Cash and cash equivalents	49,093	66,165	28,159	46,288
Short term investments	1,420	1,472	1,420	1,472
Trade and other receivables	100,228	121,525	2,728	2,066
Prepayments	1,659	920	98	73
Work-in-progress	1,110	619	-	-
Inventories	14,671	21,577	-	-
	<b>168,181</b>	<b>212,278</b>	<b>32,405</b>	<b>49,899</b>
<b>Current liabilities</b>				
Bank loans	-	12,457	-	8,000
Payables and accruals	67,083	77,022	3,330	4,024
Derivatives	1,172	1,499	1,172	821
Deferred income	2,154	755	-	-
Provisions	2,244	5,822	-	-
Income tax payable	3,413	8,870	117	201
	<b>76,066</b>	<b>106,425</b>	<b>4,619</b>	<b>13,046</b>
<b>Net current assets</b>	<b>92,115</b>	<b>105,853</b>	<b>27,786</b>	<b>36,853</b>
<b>Non-current liabilities</b>				
Bank loans	86,940	88,853	-	-
Deferred tax liabilities	2,991	2,383	-	-
Advances from minority interest	217	304	-	-
Deferred income	2,374	2,420	-	-
Provisions	2,340	1,400	-	-
	<b>94,862</b>	<b>95,360</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>308,149</b>	<b>291,796</b>	<b>145,358</b>	<b>158,889</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	85,674	85,674	85,674	85,674
Reserves	185,385	171,274	59,684	73,215
	<b>271,059</b>	<b>256,948</b>	<b>145,358</b>	<b>158,889</b>
<b>Minority interests</b>	<b>37,090</b>	<b>34,848</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>308,149</b>	<b>291,796</b>	<b>145,358</b>	<b>158,889</b>

Explanatory Notes to Balance Sheets

The increase in non-current assets was due mainly to the progress payments made for the new coastal vessels and silo as well as additional machinery and equipment purchased during the period.

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

The short term bank loans have been fully repaid in 3Q 09. With the reduction in provisions and tax payable, current liabilities dropped considerably.

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

	As at 30 Sep 2009		As at 31 Dec 2008	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
<b>Amount repayable in one year or less, or on demand</b>	-	-	91	12,366
<b>Amount repayable after one year</b>	-	86,940	22	88,831

Details of any collateral

The secured bank borrowing denominated in Malaysian Ringgi (RM) as at 31 December 2008 has been fully repaid in 2Q 2009.

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		Group	
	3Q 2009 \$'000	3Q 2008 \$'000	YTD 2009 \$'000	YTD 2008 \$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	9,846	16,396	37,352	49,727
Adjustments for:				
Depreciation expenses	4,501	3,531	12,741	10,425
Dividend income from other investments	(767)	(1,088)	(1,712)	(2,865)
Interest expense, net	1,217	1,685	4,168	4,257
(Gain)/loss on disposal of vessels, property, plant and equipment	(10)	823	139	1,444
Loss/(gain) on disposal of other investments	-	539	(5)	554
Provisions	(417)	-	(1,018)	-
Gain on disposal of investment property	-	(3,094)	-	(3,094)
Changes in fair value of financial instruments	(1,093)	1,801	(2,120)	1,529
Share based payment expenses	37	76	133	234
Share of results of associated companies	(427)	(185)	(1,314)	(671)
Operating cash flows before working capital changes	12,887	20,484	48,364	61,540
(Increase) Decrease in:				
Trade receivables and other receivables	6,651	(4,898)	21,297	(30,708)
Prepayments	(134)	361	(739)	(795)
Inventories and work-in-progress	(1,613)	(6,902)	6,415	(8,535)
Increase (Decrease) in:				
Trade payables and accruals	(4,389)	1,347	(11,137)	7,036
Deferred income	1,180	400	1,353	2,846
Cash flow generated from operating activities	14,582	10,792	65,553	31,384
Interest paid	(1,270)	(1,783)	(4,362)	(4,802)
Income tax paid	(3,403)	(2,591)	(8,337)	(7,371)
Interest received	53	98	194	545
Exchange differences	341	933	(1,036)	402
Net cash flows generated from operating activities	10,303	7,449	52,012	20,158
<b>Cash flows from investing activities</b>				
Acquisition of vessels, property, plant and equipment	(13,684)	(6,630)	(42,488)	(36,501)
Capital refund from long term investments	46	-	46	43
Proceeds from disposal of vessels, property, plant and equipment	12	14	20	22
Purchase of short term investments	-	-	-	(20,000)
Purchase of investment in an associate	-	-	-	(114)
Net proceeds from disposal of short term investments	-	20,056	-	24,668
Proceeds from disposal of investment property	-	9,794	-	9,794
Proceeds from disposal of other investments	-	9,795	46	10,978
Dividend income from associated companies	83	-	83	1,111
Dividend income from other investments	767	1,088	1,712	2,865
Net cash flows (used in)/from investing activities	(12,776)	34,117	(40,581)	(7,134)
<b>Cash flows from financing activities</b>				
Net (repayment)/proceeds from bank borrowings	(10,000)	(3,798)	(12,716)	9,803
Proceeds from issuance of share capital	-	-	-	531
Dividends paid to shareholders	(8,273)	(15,442)	(13,789)	(30,058)
Dividends paid to minority interests	(1,374)	(5,842)	(1,670)	(6,518)
Net cash used in financing activities	(19,647)	(25,082)	(28,175)	(26,242)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(22,120)	16,484	(16,744)	(13,218)
<b>Cash and cash equivalents as at beginning of period</b>	71,608	31,073	66,165	61,055
<b>Effects of exchange rate changes on opening cash and cash equivalents</b>	(395)	602	(328)	322
<b>Cash and cash equivalents as at end of period</b>	49,093	48,159	49,093	48,159

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 COMPREHENSIVE INCOME**

	Group			Group		
	3Q 2009 \$'000	3Q 2008 \$'000	+ /(-) %	YTD 2009 \$'000	YTD 2008 \$'000	+ /(-) %
<b>Profit for the period, net of tax</b>	<b>9,285</b>	<b>13,919</b>	<b>(33)</b>	<b>33,864</b>	<b>41,700</b>	<b>(19)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	(1,936)	2,829	(168)	(2,512)	3,851	(165)
(Loss)/gain on hedging instruments	(181)	405	(145)	327	891	(63)
<b>Other comprehensive income for the period, net of tax</b>	<b>(2,117)</b>	<b>3,234</b>	<b>(165)</b>	<b>(2,185)</b>	<b>4,742</b>	<b>(146)</b>
<b>Total comprehensive income for the period</b>	<b>7,168</b>	<b>17,153</b>	<b>(58)</b>	<b>31,679</b>	<b>46,442</b>	<b>(32)</b>
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	6,400	14,392	(56)	27,767	39,883	(30)
Minority interests	768	2,761	(72)	3,912	6,559	(40)
	<b>7,168</b>	<b>17,153</b>	<b>(58)</b>	<b>31,679</b>	<b>46,442</b>	<b>(32)</b>

**STATEMENTS OF CHANGES IN EQUITY**

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	\$'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	-	-	(231)	21,160	438	21,367	3,144	24,511
Cost of share-based payment (share options)	-	-	-	-	96	96	-	96
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(296)	(296)
Dividends on ordinary shares	-	-	-	(5,516)	-	(5,516)	-	(5,516)
<b>Balance at 30 June 2009</b>	<b>85,674</b>	<b>3,000</b>	<b>(1,280)</b>	<b>185,687</b>	<b>(186)</b>	<b>187,221</b>	<b>37,696</b>	<b>310,591</b>
Total comprehensive income for the period	-	-	(1,090)	7,671	(181)	6,400	768	7,168
Cost of share-based payment (share options)	-	-	-	-	37	37	-	37
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(1,374)	(1,374)
Dividends on ordinary shares	-	-	-	(8,273)	-	(8,273)	-	(8,273)
<b>Balance at 30 September 2009</b>	<b>85,674</b>	<b>3,000</b>	<b>(2,370)</b>	<b>185,085</b>	<b>(330)</b>	<b>185,385</b>	<b>37,090</b>	<b>308,149</b>
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	-	-	298	24,931	262	25,491	3,798	29,289
Cost of share-based payment (share options)	-	-	-	-	158	158	-	158
Issue of shares under share option plan	699	-	-	-	(168)	(168)	-	531
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(676)	(676)
Dividends on ordinary shares	-	-	-	(14,616)	-	(14,616)	-	(14,616)
<b>Balance at 30 June 2008</b>	<b>85,674</b>	<b>3,000</b>	<b>(3,049)</b>	<b>160,285</b>	<b>(617)</b>	<b>159,619</b>	<b>39,120</b>	<b>284,413</b>
Total comprehensive income for the period	-	-	1,717	12,456	219	14,392	2,761	17,153
Cost of share-based payment (share options)	-	-	-	-	76	76	-	76
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(5,842)	(5,842)
Dividends on ordinary shares	-	-	-	(15,442)	-	(15,442)	-	(15,442)
<b>Balance at 30 September 2008</b>	<b>85,674</b>	<b>3,000</b>	<b>(1,332)</b>	<b>157,299</b>	<b>(322)</b>	<b>158,645</b>	<b>36,039</b>	<b>280,358</b>

**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.

<b>COMPANY</b>	<b>Share capital</b>	<b>Accumulated profits</b>	<b>Other reserves</b>	<b>Total reserves</b>	<b>Total equity</b>
	\$'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	-	368	(170)	198	198
Cost of share-based payment (share options)	-	-	96	96	96
Dividends on ordinary shares	-	(5,516)	-	(5,516)	(5,516)
<b>Balance at 30 June 2009</b>	<b>85,674</b>	<b>68,179</b>	<b>(186)</b>	<b>67,993</b>	<b>153,667</b>
Total comprehensive income for the period	-	108	(181)	(73)	(73)
Cost of share-based payment (share options)	-	-	37	37	37
Dividends on ordinary shares	-	(8,273)	-	(8,273)	(8,273)
<b>Balance at 30 September 2009</b>	<b>85,674</b>	<b>60,014</b>	<b>(330)</b>	<b>59,684</b>	<b>145,358</b>
Balance at 1 January 2008	84,975	91,489	558	92,047	177,022
Total comprehensive income for the period	-	(498)	-	(498)	(498)
Cost of share-based payment (share options)	-	-	158	158	158
Issue of shares under share option plan	699	-	(168)	(168)	531
Dividends on ordinary shares	-	(14,616)	-	(14,616)	(14,616)
<b>Balance at 30 June 2008</b>	<b>85,674</b>	<b>76,375</b>	<b>548</b>	<b>76,923</b>	<b>162,597</b>
Total comprehensive income for the period	-	(467)	-	(467)	(467)
Cost of share-based payment (share options)	-	-	76	76	76
Dividends on ordinary shares	-	(15,442)	-	(15,442)	(15,442)
<b>Balance at 30 September 2008</b>	<b>85,674</b>	<b>60,466</b>	<b>624</b>	<b>61,090</b>	<b>146,764</b>

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.

	<b>3Q 2009 ended 30 Sep 2009</b>	<b>2Q 2009 ended 30 Jun 2009</b>
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
	<b>As at 30 Sep 2009</b>	<b>As at 31 Dec 2008</b>
The number of shares that may be issued on exercise of share options outstanding at the end of the period	8,305,000	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 30 Sep 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 standard).

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 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 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 became effective for accounting periods beginning 01 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.

Earnings per ordinary share for the period based on equity holders of the company	Quarter ended 30 Sep		
	2009	2008	Change
Based on weighted average number of ordinary shares in issue (in cents)	1.4	2.3	-39%
On a fully diluted basis (in cents)	1.4	2.3	-39%

	YTD ended 30 Sep		
	2009	2008	Change
Based on weighted average number of ordinary shares in issue (in cents)	5.2	6.8	-24%
On a fully diluted basis (in cents)	5.2	6.8	-24%

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.

	Group	Company
Net asset value per ordinary share based on issued share capital at 30 September 2009 (in cents)	49.1	26.4
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 YTD 2009 Performance**

The Group recorded a revenue of \$373.9 million during the period. The Group's revenue was 8% lower year-on-year (yoy) because of softer selling prices of basic building materials and significantly lower bulk freight activity as coal carried using third party bulk carriers reduced.

The Basic Building Materials (BBM) division's higher sales activities were attributed to its supplies to various major infrastructure project contracts.

The Shipping division's enlarged coastal vessel fleet was fully deployed.

The Port division handled a comparable general cargo tonnage yoy.

Staff Costs were higher in tandem with a higher level of activity. Depreciation Expenses increased due to an enlarged coastal vessel fleet and additional capital expenditure. Lower Other Expenses were mainly due to cost savings arising from cost control measures and a one-off legal expense in the corresponding period.

Tax levied was significantly lower because of lower taxable profits and tax refunds in relation to prior years.

Group attributable profit (PATMI) would have seen a decrease of 16% yoy, compared with the reported 23% decline, because of a one-off \$3.1 million gain from the disposal of investment property in the corresponding period.

- 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 remain firm, but margin contraction to persist in the near term.

The Shipping division expects softer freight rates arising from a challenging operating environment.

The Port division expects to maintain its cargo throughput at current levels.

**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 30 September 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 30 September 2009 to be false or misleading.

BY ORDER OF THE BOARD

Loh Yeen Ying  
Company Secretary  
10 November 2009