



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

THIRD QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2011

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 2011 \$'000	3Q 2010 \$'000	+ /(-) %	YTD 2011 \$'000	YTD 2010 \$'000	+ /(-) %
Revenue	136,866	91,028	50	367,618	291,938	26
Other income	715	3,692	(81)	3,455	6,779	(49)
Raw materials, subcontract costs and other direct costs	(102,366)	(69,520)	47	(272,000)	(223,805)	22
Staff costs	(6,720)	(5,069)	33	(18,909)	(14,705)	29
Depreciation expenses	(5,250)	(4,687)	12	(15,737)	(14,602)	8
Other expenses	(8,929)	(7,742)	15	(24,388)	(20,227)	21
Finance costs	(1,153)	(1,315)	(12)	(3,537)	(3,812)	(7)
	13,163	6,387	106	36,502	21,566	69
Share of results of associates	363	436	(17)	1,080	1,121	(4)
Profit before income tax	13,526	6,823	98	37,582	22,687	66
Income tax	(2,826)	(1,446)	nm	(7,990)	(3,253)	nm
Profit for the period, net of tax	10,700	5,377	99	29,592	19,434	52
Profit attributable to:						
Equity holders of the Company	8,725	4,009	nm	23,682	14,154	67
Non-controlling interests	1,975	1,368	44	5,910	5,280	12
	10,700	5,377	99	29,592	19,434	52

Notes to the income statement

A. Profit before income tax is arrived at after crediting/ (charging) the following:	Group			Group		
	3Q 2011 \$'000	3Q 2010 \$'000	+ /(-) %	YTD 2011 \$'000	YTD 2010 \$'000	+ /(-) %
Interest income from external parties	111	76	46	301	198	52
Interest expense on bank loans	(1,130)	(1,297)	(13)	(3,454)	(3,681)	(6)
Dividend income from investments	1,051	1,887	(44)	3,210	3,219	(0)
Write back of provision for doubtful debts on trade receivables	-	43	nm	-	889	nm
Foreign exchange gain/(loss)	1	(1,265)	nm	(76)	(580)	nm
Fair value adjustments on investments held for trading	(241)	493	nm	(87)	855	nm
(Loss)/gain on disposal of vessels, property, plant and equipment	(751)	983	nm	(1,250)	1,712	nm

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 2011 \$'000	31 Dec 2010 \$'000	30 Sep 2011 \$'000	31 Dec 2010 \$'000
Non-current assets				
Vessels, property, plant and equipment	270,042	264,064	516	601
Subsidiaries	-	-	88,259	86,299
Associates	4,094	4,656	-	-
Other investments	17,380	17,466	180	184
Goodwill	3,194	-	-	-
	<u>294,710</u>	<u>286,186</u>	<u>88,955</u>	<u>87,084</u>
Current assets				
Cash and cash equivalents	72,941	94,190	50,591	67,953
Short-term investments	-	1,286	-	1,286
Trade and other receivables	107,674	82,574	1,773	2,131
Advances for investment	-	9,872	-	-
Prepayments	1,258	1,110	100	75
Work-in-progress	902	677	-	-
Inventories	17,803	14,148	-	-
	<u>200,578</u>	<u>203,857</u>	<u>52,464</u>	<u>71,445</u>
Current liabilities				
Bank loans	-	5,000	-	-
Payables and accruals	70,153	56,928	1,067	1,532
Deferred income	884	994	-	-
Provisions	2,372	2,399	-	-
Income tax payable	5,692	833	-	-
	<u>79,101</u>	<u>66,154</u>	<u>1,067</u>	<u>1,532</u>
Net current assets	121,477	137,703	51,397	69,913
Non-current liabilities				
Bank loans	73,080	94,250	-	-
Deferred tax liabilities	6,643	6,162	-	-
Deferred income	1,962	1,885	-	-
Provisions	3,350	2,830	-	-
	<u>85,035</u>	<u>105,127</u>	<u>-</u>	<u>-</u>
Net assets	<u>331,152</u>	<u>318,762</u>	<u>140,352</u>	<u>156,997</u>
Equity attributable to equity holders of the Company				
Share capital	88,072	87,843	88,072	87,843
Reserves	202,953	193,821	52,280	69,154
	<u>291,025</u>	<u>281,664</u>	<u>140,352</u>	<u>156,997</u>
Non-controlling interests	40,127	37,098	-	-
Total equity	<u>331,152</u>	<u>318,762</u>	<u>140,352</u>	<u>156,997</u>

Explanatory Notes to Statement of Financial Position

The decrease in cash and cash equivalents and bank loans were due mainly to the prepayment of some bank borrowings during the year.

The higher level of business volume had resulted in an increase in trade receivables, inventories and trade payables.

Higher income tax payable was in relation to current year income tax expense provision.

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

	As at 30 September 2011		As at 31 Dec 2010	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	-	-	5,000	-
Amount repayable after one year	-	73,080	16,250	78,000

Details of any collateral

The secured bank borrowing was fully prepaid in the second quarter.

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 2011 \$'000	3Q 2010 \$'000	YTD 2011 \$'000	YTD 2010 \$'000
Cash flows from operating activities				
Profit before income tax	13,526	6,823	37,582	22,687
Adjustments for:				
Depreciation expenses	5,250	4,687	15,737	14,602
Dividend income from other investments	(1,051)	(1,887)	(3,210)	(3,219)
Interest expense, net	1,019	1,221	3,153	3,483
Loss/(gain) on disposal of vessels, property, plant and equipment	751	(983)	1,250	(1,712)
Provisions	35	(115)	(57)	(204)
Changes in fair value of financial instruments	241	(493)	87	(855)
Share based payment expenses	43	48	129	153
Share of results of associated companies	(363)	(437)	(1,080)	(1,121)
Foreign exchange differences	823	797	1,032	617
Operating cash flows before working capital changes	20,274	9,661	54,623	34,431
(Increase) Decrease in:				
Trade receivables and other receivables	1,023	4,916	(24,743)	(2,362)
Prepayments	(391)	662	(148)	(39)
Inventories and work-in-progress	(1,428)	4,162	(2,517)	2,145
Increase (Decrease) in:				
Trade payables and accruals	6,950	1,933	12,789	(5,859)
Deferred income	549	(797)	(33)	(1,030)
Cash flow generated from operating activities	26,977	20,537	39,971	27,286
Interest paid	(1,130)	(1,297)	(3,454)	(3,681)
Income tax paid	(1,522)	(1,211)	(2,650)	(2,320)
Interest received	111	76	301	198
Net cash flows generated from operating activities	24,436	18,105	34,168	21,483
Cash flows from investing activities				
Acquisition of vessels, property, plant and equipment	(7,558)	(7,535)	(11,641)	(11,691)
Proceeds from disposal of vessels, property, plant and equipment	7	2,771	88	4,792
Proceeds from disposal of short term investments	-	-	1,272	-
Dividend income from associated companies	419	837	1,803	1,698
Dividend income from other investments	1,051	1,887	3,210	3,219
Net cash flows used in investing activities	(6,081)	(2,040)	(5,268)	(1,982)
Cash flows from financing activities				
Net (repayment)/proceeds of bank borrowings	(3,900)	(1,250)	(29,050)	22,500
Proceeds from issuance of share capital	-	12	187	1,592
Contribution from non-controlling interest	1,104	-	2,879	-
Loan repayment to minority interest	-	(122)	-	(225)
Dividends paid to shareholders	(8,340)	(8,331)	(16,679)	(16,661)
Dividends paid to minority interests	(6,951)	(5,305)	(7,032)	(6,301)
Net cash (used in)/from financing activities	(18,087)	(14,996)	(49,695)	905
Net increase/(decrease) in cash and cash equivalents	268	1,069	(20,795)	20,406
Cash and cash equivalents as at beginning of period	72,491	92,645	94,190	73,329
Effects of exchange rate changes on opening cash and cash equivalents	182	(1,184)	(454)	(1,205)
Cash and cash equivalents as at end of period	72,941	92,530	72,941	92,530

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 2011	3Q 2010	+ / (-)	YTD 2011	YTD 2010	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period, net of tax	10,700	5,377	99	29,592	19,434	52
Other comprehensive income:						
Foreign currency translation	6,230	(3,428)	nm	3,951	(3,642)	nm
Gain on hedging instruments	-	-	nm	-	377	nm
Other comprehensive income for the period, net of tax	6,230	(3,428)	nm	3,951	(3,265)	nm
Total comprehensive income for the period	16,930	1,949	nm	33,543	16,169	nm
Total comprehensive income attributable to:						
Equity holders of the Company	12,026	2,126	nm	25,724	12,568	nm
Minority interests	4,904	(177)	nm	7,819	3,601	nm
	16,930	1,949	nm	33,543	16,169	nm

STATEMENTS OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of the Company						Non-controlling interests	Total equity
	Share capital	Capital reserve *	Foreign currency translation reserve	Retained earnings	Other reserves	Total reserves		
Balance at 1 January 2011	87,843	3,000	(4,301)	194,520	602	193,821	37,098	318,762
Total comprehensive income for the period	-	-	(1,259)	14,957	-	13,698	2,915	16,613
Cost of share-based payment (share options)	-	-	-	-	86	86	-	86
Issue of shares under share option plan	229	-	-	-	(42)	(42)	-	187
Acquisition of subsidiary	-	-	-	-	-	-	1,137	1,137
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(81)	(81)
Dividends on ordinary shares	-	-	-	(8,339)	-	(8,339)	-	(8,339)
Balance at 30 June 2011	88,072	3,000	(5,560)	201,138	646	199,224	41,069	328,365
Total comprehensive income for the period	-	-	3,301	8,725	-	12,026	4,904	16,930
Cost of share-based payment (share options)	-	-	-	-	43	43	-	43
Acquisition of subsidiary	-	-	-	-	-	-	1,105	1,105
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(6,951)	(6,951)
Dividends on ordinary shares	-	-	-	(8,340)	-	(8,340)	-	(8,340)
Balance at 30 September 2011	88,072	3,000	(2,259)	201,523	689	202,953	40,127	331,152
Balance at 1 January 2010	85,707	3,000	(1,861)	190,906	509	192,554	38,392	316,653
Total comprehensive income for the period	-	-	(80)	10,145	377	10,442	3,778	14,220
Cost of share-based payment (share options)	-	-	-	-	105	105	-	105
Issue of shares under share option plan	2,071	-	-	-	(491)	(491)	-	1,580
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(995)	(995)
Dividends on ordinary shares	-	-	-	(8,330)	-	(8,330)	-	(8,330)
Balance at 30 June 2010	87,778	3,000	(1,941)	192,721	500	194,280	41,175	323,233
Total comprehensive income for the period	-	-	(1,883)	4,009	-	2,126	(177)	1,949
Cost of share-based payment (share options)	-	-	-	-	48	48	-	48
Issue of shares under share option plan	15	-	-	-	(3)	(3)	-	12
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	(5,306)	(5,306)
Dividends on ordinary shares	-	-	-	(8,331)	-	(8,331)	-	(8,331)
Balance at 30 September 2010	87,793	3,000	(3,824)	188,399	545	188,120	35,692	311,605

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.

<u>COMPANY</u>	<u>Share capital</u>	<u>Accumulated profits</u>	<u>Other reserves</u>	<u>Total reserves</u>	<u>Total equity</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2011	87,843	68,552	602	69,154	156,997
Total comprehensive income for the period	-	(437)	-	(437)	(437)
Cost of share-based payment (share options)	-	-	86	86	86
Issue of shares under share option plan	229	-	(42)	(42)	187
Dividends on ordinary shares	-	(8,339)	-	(8,339)	(8,339)
Balance at 30 June 2011	88,072	59,776	646	60,422	148,494
Total comprehensive income for the period	-	155	-	155	155
Cost of share-based payment (share options)	-	-	43	43	43
Dividends on ordinary shares	-	(8,340)	-	(8,340)	(8,340)
Balance at 30 September 2011	88,072	51,591	689	52,280	140,352
Balance at 1 January 2010	85,707	64,361	509	64,870	150,577
Total comprehensive income for the period	-	4,604	377	4,981	4,981
Cost of share-based payment (share options)	-	-	105	105	105
Issue of shares under share option plan	2,071	-	(491)	(491)	1,580
Dividends on ordinary shares	-	(8,330)	-	(8,330)	(8,330)
Balance at 30 June 2010	87,778	60,635	500	61,135	148,913
Total comprehensive income for the period	-	(115)	-	(115)	(115)
Cost of share-based payment (share options)	-	-	48	48	48
Issue of shares under share option plan	15	-	(3)	(3)	12
Dividends on ordinary shares	-	(8,331)	-	(8,331)	(8,331)
Balance at 30 September 2010	87,793	52,189	545	52,734	140,527

- 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.

	3Q 2011 ended 30 Sep 2011	2Q 2011 ended 30 Jun 2011
Issued and fully paid ordinary shares :		
As at beginning of period	555,957,160	555,957,160
Issued during the period - Exercise of share options	-	-
As at end of period	<u>555,957,160</u>	<u>555,957,160</u>
	As at 30 Sep 2011	As at 31 Dec 2010
The number of shares that may be issued on exercise of share options outstanding at the end of the period	<u>7,720,000</u>	<u>8,231,000</u>

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 2011	As at 31 Dec 2010
Total number of issued shares	555,957,160	555,500,160
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	555,957,160	555,500,160

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 2010, 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 2011. 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			YTD ended 30 Sep		
	2011	2010	Change	2011	2010	Change
Based on weighted average number of ordinary shares in issue (in cents)	1.6	0.7	nm	4.3	2.5	70%
On a fully diluted basis (in cents)	1.6	0.7	nm	4.3	2.5	70%

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 Sep 2011 (in cents)	52.3	25.2
Net asset value per ordinary share based on issued share capital at 31 December 2010 (in cents)	50.7	28.3

- 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 Year to date 2011 Performance

The Group's attributable profit after tax to shareholders grew significantly by 67% to \$23.7 million as a result of higher revenue from the Basic Building Materials (BBM) and Port divisions.

The Group's revenue grew by 26% to \$367.6 million, driven by higher activities from the BBM and Port divisions but this was partially offset by lower revenue and activity level from the Shipping division.

The BBM division recorded improved sales volume from delivery of some contracts-on-hand. The division also saw higher selling prices of ready-mixed concrete, which rose in tandem with the increase in raw material costs.

The Port division enjoyed healthy growth in its steel and logs cargoes as well as steady volumes for pulp and paper, which edged up port utilisation and lifted revenue.

The Shipping division registered a loss due to adverse market condition. Some of our vessels were laid up in the quarter.

- 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.**

Based on the Building Construction Authority's forecast on construction demand and numerous public and private sectors' projects under construction, we expect the demand of ready-mixed concrete and cement to remain firm.

In the Port division, there are plans to further diversify and bring in new types of cargoes. Corporate tax rate of 25% will apply from FY2012 after expiry of our ten years tax concession, which is 12% for FY2011.

In the Shipping division, we expect the current adverse market conditions to persist.

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 2011.

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. There was no interested person transaction as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company during the third quarter ended 30 September 2011.

14 Statement 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 30 September 2011 to be false or misleading.

BY ORDER OF THE BOARD

Loh Yeen Ying
Company Secretary
10 November 2011