



PAN-UNITED CORPORATION LTD

(Company Reg No: 199106524G)

SECOND QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2013

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 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	189,996	181,773	5	357,021	344,005	4
Other income	996	3,871	(74)	1,900	4,691	(59)
Raw materials, subcontract costs and other direct costs	(146,048)	(140,125)	4	(272,533)	(265,315)	3
Staff costs	(8,411)	(8,437)	-	(16,586)	(15,357)	8
Depreciation expenses	(5,099)	(5,045)	1	(10,202)	(10,298)	(1)
Other expenses	(15,500)	(12,579)	23	(27,125)	(23,217)	17
Finance costs	(1,190)	(1,218)	(2)	(2,463)	(2,400)	3
	14,744	18,240	(19)	30,012	32,109	(7)
Share of results of associates	458	474	(3)	841	834	1
Profit before income tax	15,202	18,714	(19)	30,853	32,943	(6)
Income tax	(3,204)	(3,688)	(13)	(6,659)	(6,797)	(2)
Profit for the period, net of tax	11,998	15,026	(20)	24,194	26,146	(7)
Profit attributable to:						
Equity holders of the Company	10,023	13,214	(24)	20,320	22,745	(11)
Non-controlling interests	1,975	1,812	9	3,874	3,401	14
	11,998	15,026	(20)	24,194	26,146	(7)

Notes to the income statement

A. Profit before income tax is arrived at after crediting/ (charging) the following:	Group			Group		
	2Q 2013	2Q 2012	+ / (-)	1H 2013	1H 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income from external parties	124	139	(11)	223	268	(17)
Interest expense from external parties	(1,178)	(1,186)	(1)	(2,373)	(2,337)	2
Dividend income from investments	457	1,616	(72)	836	1,644	(49)
(Provision)/write-back for doubtful debts on trade receivables	(2,201)	79	nm	(2,134)	185	nm
Inventories written down	-	-	-	-	(74)	(100)
Foreign exchange gain/(loss)	63	(52)	nm	260	51	410
Fair value adjustments on investments held for trading	(24)	(540)	(96)	(75)	(331)	(77)
Write-back/(provision) for impairment in value of other investments	164	(168)	(198)	164	(168)	(198)
Gain on disposal of vessels, property, plant and equipment	24	2,211	(99)	26	2,211	(99)
Write-off of vessels, property, plant and equipment	-	(928)	(100)	-	(1,171)	(100)

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 Jun 2013 \$'000	31 Dec 2012 \$'000	30 Jun 2013 \$'000	31 Dec 2012 \$'000
Non-current assets				
Vessels, property, plant and equipment	287,104	273,641	414	487
Subsidiaries	-	-	77,700	91,411
Associates	5,078	5,104	-	-
Other investments	2,165	17,011	14	16
Other receivables	215	259	-	-
Goodwill	2,345	2,345	-	-
Deferred tax assets	755	755	-	-
	<u>297,662</u>	<u>299,115</u>	<u>78,128</u>	<u>91,914</u>
Current assets				
Cash and short-term deposits	91,507	90,361	64,071	60,435
Trade and other receivables	173,466	153,505	1,994	2,693
Prepayments	3,634	2,526	178	130
Work-in-progress	755	997	-	-
Inventories	16,377	20,740	-	-
	<u>285,739</u>	<u>268,129</u>	<u>66,243</u>	<u>63,258</u>
Current liabilities				
Bank loans	676	1,264	-	-
Payables and accruals	109,183	108,821	1,812	2,354
Deferred income	1,225	4,371	-	-
Provisions	937	1,308	-	-
Income tax payable	10,894	11,821	5	-
	<u>122,915</u>	<u>127,585</u>	<u>1,817</u>	<u>2,354</u>
Net current assets	<u>162,824</u>	<u>140,544</u>	<u>64,426</u>	<u>60,904</u>
Non-current liabilities				
Bank loans	73,130	69,580	-	-
Deferred tax liabilities	5,575	5,300	-	-
Deferred income	1,619	1,541	-	-
Other liabilities	546	540	-	-
Provisions	3,250	3,050	-	-
	<u>84,120</u>	<u>80,011</u>	<u>-</u>	<u>-</u>
Net assets	<u>376,366</u>	<u>359,648</u>	<u>142,554</u>	<u>152,818</u>
Equity attributable to equity holders of the Company				
Share capital	90,374	88,323	90,374	88,323
Treasury shares	-	(1,054)	-	(1,054)
Reserves	239,792	231,581	52,180	65,549
	<u>330,166</u>	<u>318,850</u>	<u>142,554</u>	<u>152,818</u>
Non-controlling interests	46,200	40,798	-	-
Total equity	<u>376,366</u>	<u>359,648</u>	<u>142,554</u>	<u>152,818</u>

Explanatory Notes to Statement of Financial Position

The decrease in other investments was due to \$14.8 million of listed preference shares being redeemed upon its maturity in the first quarter.

The Group's attributable net assets of \$330.2 million is made up of \$165.1 million from Basic Building Resources division, \$48.9 million from Shipping division, \$43.2 million from Port division and \$73.0 million comprising mainly other investments, cash and cash equivalents under Others.

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

	As at 30 Jun 2013		As at 31 Dec 2012	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	676	-	1,264	-
Amount repayable after one year	-	73,130	-	69,580

Details of any collateral

The secured short term bank loan is backed by a mortgage over certain assets of a foreign subsidiary.

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	
	2Q 2013 \$'000	2Q 2012 \$'000	1H 2013 \$'000	1H 2012 \$'000
Cash flows from operating activities				
Profit before income tax	15,202	18,714	30,853	32,943
Adjustments for:				
Depreciation expenses	5,099	5,045	10,202	10,298
Dividend income from other investments	(457)	(1,616)	(836)	(1,644)
Interest expense, net	1,054	1,047	2,150	2,069
Loss on write-off of vessels, property, plant and equipment	-	928	-	1,171
Gain on disposal of property, plant and equipment	(24)	(2,211)	(26)	(2,211)
Inventories written down	-	-	-	74
(Write-back)/provision for impairment in value of other investments	(164)	168	(164)	168
Changes in fair value of financial instruments	24	540	75	331
Share based payment expenses	53	35	108	72
Share of results of associated companies	(458)	(474)	(841)	(834)
Foreign exchange differences	13	(66)	(411)	246
Operating cash flows before working capital changes	20,342	22,110	41,110	42,683
(Increase) Decrease in:				
Trade receivables and other receivables	(13,609)	(1,180)	(19,917)	(15,798)
Prepayments	(833)	(1,223)	(1,108)	(1,968)
Inventories and work-in-progress	6,689	(8,142)	4,605	(4,237)
Increase (Decrease) in:				
Trade payables and accruals	9,022	4,963	(9)	6,668
Deferred income	(2,695)	(717)	(3,068)	(155)
Cash flow generated from operating activities	18,916	15,811	21,613	27,193
Interest paid	(1,178)	(1,186)	(2,373)	(2,337)
Income tax paid	(6,303)	(4,467)	(7,311)	(5,200)
Interest received	124	139	223	268
Net cash flows generated from operating activities	11,559	10,297	12,152	19,924
Cash flows from investing activities				
Acquisition of property, plant and equipment	(6,858)	(8,305)	(16,265)	(17,293)
Investments	-	-	(312)	(2)
Capital refund from other investments	164	-	164	-
Proceeds from disposal of property, plant and equipment	112	3,460	132	9,542
Proceeds from disposal of other investments	-	-	14,780	-
Dividend income from associated companies	1,460	829	1,460	1,233
Dividend income from other investments	457	1,616	836	1,644
Net cash flows (used in)/from investing activities	(4,665)	(2,400)	795	(4,876)
Cash flows from financing activities				
Repayment of bank borrowings	(810)	-	(606)	-
Proceeds from issuance of share capital	839	183	1,752	183
Purchase of treasury shares	-	(2,043)	-	(2,043)
Proceeds from reissuance of treasury shares	-	-	908	-
Contribution from non-controlling interests	-	-	-	1,530
Dividends paid to shareholders	(13,974)	(11,129)	(13,974)	(11,129)
Dividends paid to non-controlling interests	(464)	(315)	(464)	(315)
Net cash used in financing activities	(14,409)	(13,304)	(12,384)	(11,774)
Net (decrease)/increase in cash and cash equivalents	(7,515)	(5,407)	563	3,274
Cash and cash equivalents as at beginning of period	98,714	99,390	90,361	91,191
Effects of exchange rate changes on opening cash and cash equivalents	308	87	583	(395)
Cash and cash equivalents as at end of period	91,507	94,070	91,507	94,070

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		
	2Q 2013 \$'000	2Q 2012 \$'000	+ /(-) %	1H 2013 \$'000	1H 2012 \$'000	+ /(-) %
Profit for the period, net of tax	11,998	15,026	(20)	24,194	26,146	(7)
Other comprehensive income:						
Foreign currency translation	2,463	76	nm	4,194	(2,428)	nm
Other comprehensive income for the period, net of tax	2,463	76	nm	4,194	(2,428)	nm
Total comprehensive income for the period	14,461	15,102	(4)	28,388	23,718	20
Total comprehensive income attributable to:						
Equity holders of the Company	11,295	13,272	(15)	22,522	21,504	5
Non-controlling interests	3,166	1,830	73	5,866	2,214	165
	14,461	15,102	(4)	28,388	23,718	20

STATEMENTS OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Treasury shares	Capital reserve *	Foreign currency translation reserve	Accumulated Profits	Other reserves	Total reserves		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2013	88,323	(1,054)	3,000	(4,526)	231,867	1,240	231,581	40,798	359,648
Total comprehensive income for the period	-	-	-	930	10,297	-	11,227	2,700	13,927
Cost of share-based payment (share options)	-	-	-	-	-	55	55	-	55
Issue of shares under share option plan	1,068	-	-	-	-	(155)	(155)	-	913
Reissuance of treasury shares	-	1,054	-	-	-	(146)	(146)	-	908
Balance at 31 March 2013	89,391	-	3,000	(3,596)	242,164	994	242,562	43,498	375,451
Total comprehensive income for the period	-	-	-	1,272	10,023	-	11,295	3,166	14,461
Cost of share-based payment (share options)	-	-	-	-	-	53	53	-	53
Issue of shares under share option plan	983	-	-	-	-	(144)	(144)	-	839
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(464)	(464)
Dividends on ordinary shares	-	-	-	-	(13,974)	-	(13,974)	-	(13,974)
Balance at 30 June 2013	90,374	-	3,000	(2,324)	238,213	903	239,792	46,200	376,366
Balance at 1 January 2012	88,104	-	3,000	(1,873)	208,197	739	210,063	42,841	341,008
Total comprehensive income for the period	-	-	-	(1,299)	9,531	-	8,232	384	8,616
Cost of share-based payment (share options)	-	-	-	-	-	37	37	-	37
Incorporation of a subsidiary	-	-	-	-	-	-	-	1,530	1,530
Conversion of loan to share capital	-	-	-	-	-	-	-	572	572
Balance at 31 March 2012	88,104	-	3,000	(3,172)	217,728	776	218,332	45,327	351,763
Total comprehensive income for the period	-	-	-	58	13,214	-	13,272	1,830	15,102
Cost of share-based payment (share options)	-	-	-	-	-	35	35	-	35
Issue of shares under share option plan	219	-	-	-	-	(36)	(36)	-	183
Purchase of treasury shares	-	(2,043)	-	-	-	-	-	-	(2,043)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	(315)	(315)
Dividends on ordinary shares	-	-	-	-	(11,129)	-	(11,129)	-	(11,129)
Balance at 30 June 2012	88,323	(2,043)	3,000	(3,114)	219,813	775	220,474	46,842	353,596

Note

* The capital reserve comprises the reserve fund, enterprise expansion fund and staff welfare fund transferred from retained earnings by a foreign 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	Treasury shares	Accumulated profits	Other reserves	Total reserves	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2013	88,323	(1,054)	64,309	1,240	65,549	152,818
Total comprehensive income for the period	-	-	103	-	103	103
Cost of share-based payment (share options)	-	-	-	55	55	55
Issue of shares under share option plan	1,068	-	-	(155)	(155)	913
Reissuance of treasury shares	-	1,054	-	(146)	(146)	908
Balance at 31 March 2013	89,391	-	64,412	994	65,406	154,797
Total comprehensive income for the period	-	-	839	-	839	839
Cost of share-based payment (share options)	-	-	-	53	53	53
Issue of shares under share option plan	983	-	-	(144)	(144)	839
Dividends on ordinary shares	-	-	(13,974)	-	(13,974)	(13,974)
Balance at 30 June 2013	90,374	-	51,277	903	52,180	142,554
Balance at 1 January 2012	88,104	-	66,841	739	67,580	155,684
Total comprehensive income for the period	-	-	(431)	-	(431)	(431)
Cost of share-based payment (share options)	-	-	-	37	37	37
Balance at 31 March 2012	88,104	-	66,410	776	67,186	155,290
Total comprehensive income for the period	-	-	142	-	142	142
Cost of share-based payment (share options)	-	-	-	35	35	35
Issue of shares under share option plan	219	-	-	(36)	(36)	183
Purchase of treasury shares	-	(2,043)	-	-	-	(2,043)
Dividends on ordinary shares	-	-	(11,129)	-	(11,129)	(11,129)
Balance at 30 June 2012	88,323	(2,043)	55,423	775	56,198	142,478

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 2013 ended 30 Jun 2013	1Q 2013 ended 31 Mar 2013
Issued and fully paid ordinary shares :		
As at beginning of period	557,959,160	554,773,160
Issued during the period	1,371,000	1,480,000
Add: Treasury shares transferred to employees to fulfill obligations under the Pan-United Share Option Scheme	-	1,706,000
As at end of period	559,330,160	557,959,160

During the quarter ended 30 June 2013, the Company issued 1,371,000 new shares to employees for share options exercised pursuant to the Pan-United Share Option Scheme.

	As at 30 Jun 2013	As at 31 Dec 2012
The number of shares that may be issued on exercise of share options outstanding at the end of the period	4,436,000	9,022,000

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 2013	As at 31 Dec 2012
Total number of issued shares	559,330,160	556,479,160
Less: Treasury shares	-	(1,706,000)
Total number of issued shares excluding treasury shares	559,330,160	554,773,160

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 30 June 2013.

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 2012, 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 2013. 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	<u>Quarter ended 30 June</u>			<u>Half year ended 30 June</u>		
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Based on weighted average number of ordinary shares in issue (in cents)	1.8	2.4	-25%	3.6	4.1	-12%
On a fully diluted basis (in cents)	1.8	2.4	-25%	3.6	4.1	-12%

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 30 June 2013 (in cents)	59.0	25.5
Net asset value per ordinary share based on issued share capital at 31 December 2012 (in cents)	57.5	27.5

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 1H 2013 Performance

The Group revenue increased 4% year-on-year (yoy) to \$357.0 million, driven primarily by the Basic Building Resources (BBR) division. It was, however, partly reduced by lower trading activities from the Shipping division. During the period, the Port division maintained healthy levels in both revenue and cargo volume.

The Group's attributable profit after tax to shareholders declined by 11% due to a \$2.2 million provision for doubtful debt made in 2QFY13 and a vessel disposal gain of \$2.2 million in 2QFY12. Excluding these one-off items, the Group's attributable profit would be 10% higher yoy.

The provision for doubtful debt was from Alpine Bau GmbH, one of the main contractors of LTA's Downtown Line 2 project, which filed for insolvency in the quarter.

Overheads were generally higher yoy, in tandem with the higher level of activities and expansion of overseas operations.

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 BBR division expects to maintain its sales volume on the back of the still high level of construction activity in Singapore.

With the pending acquisition of an additional 34.2% beneficial interest in Changshu Xinghua Port in the 3rd quarter, which will increase the beneficial interest to 85.5%, the Group will have a larger platform in its Port division to grow its operations.

The Shipping division continues to focus on improving vessel utilisation and trading activities.

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\$0.015 per ordinary share (One-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, paid
Dividend type	Cash
Dividend rate	S\$0.015 per ordinary share (One-tier tax exempt)

(c) Date payable:

The dividend will be payable on 6 September 2013.

(d) Books closure date

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed on 22 August 2013 for the preparation of dividend warrants. Registrable share transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 by 5.00 p.m. on 21 August 2013 will be registered before the entitlements to the dividend are determined.

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

Not applicable.

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 period ended 30 June 2013.

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 2013 to be false or misleading.

BY ORDER OF THE BOARD

N. Shoba
Company Secretary
14 August 2013