

Q2 2009 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q2 AND HALF YEAR RESULTS

These figures have not been audited.

1(a)(i) Income Statement for the second quarter ended:

Group	3 months ended			6 months ended		
	30/6/2009 \$000	30/6/2008 \$000	Change %	30/6/2009 \$000	30/6/2008 \$000	Change %
Revenue*	167,153	140,191	19	316,050	273,789	15
Cost of Sales	(127,525)	(107,402)	19	(242,464)	(212,574)	14
Gross Profit	39,628	32,789	21	73,586	61,215	20
<u>Other Items of Income</u>						
Interest Income	554	978	(43)	972	1,514	(36)
Other Income	5,023	1,689	197	6,061	2,277	166
<u>Other Items of Expense</u>						
Distribution Costs	(2,303)	(2,085)	10	(4,657)	(4,393)	6
Administrative Expenses	(13,863)	(15,428)	(10)	(30,575)	(30,638)	-
Finance Costs	(3,305)	(2,795)	18	(5,982)	(5,547)	8
Other Expenses	(9,431)	(7,825)	21	(13,404)	(21,639)	(38)
Operating Profit	16,303	7,323	123	26,001	2,789	832
Share of (Loss)/Profit from Equity-Accounted Associates and Joint Venture	(2,233)	949	NM	(1,867)	301	NM
Profit Before Tax	14,070	8,272	70	24,134	3,090	681
Income Tax (Expense)/Benefit	(2,476)	(1,130)	119	(3,660)	2,075	NM
Profit Net of Tax	11,594	7,142	62	20,474	5,165	296
Profit Attributable to Equity Holders of Parent, Net of Tax	11,226	7,448	51	19,704	8,671	127
Profit/(Loss) Attributable to Minority Interest, Net of Tax	368	(306)	NM	770	(3,506)	NM
	11,594	7,142	62	20,474	5,165	296
<u>Earnings per Stock Unit (cents)</u>						
Earnings per Stock (Basic)	5.0¢	3.4¢		8.8¢	3.9¢	
Earnings per Stock (Diluted)	4.0¢	3.3¢		6.8¢	3.9¢	
<u>* Revenue comprises:</u>						
Sales of goods	6,806	9,053	(25)	14,094	17,079	(17)
Sales of apartment units	33,423	4,100	715	64,275	12,100	431
Rendering of services	26,287	20,980	25	49,193	42,477	16
Revenue from construction contracts	83,560	85,448	(2)	154,357	165,340	(7)
Rental income	16,956	17,107	(1)	33,855	32,979	3
Dividend income	121	3,503	(97)	276	3,814	(93)
Total revenue	167,153	140,191	19	316,050	273,789	15

NM: Not meaningful

1(a)(ii) Other information:

	Group			
	3 months ended		6 months ended	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
	\$000	\$000	\$000	\$000
Depreciation and amortisation	(2,080)	(1,881)	(4,288)	(3,661)
Foreign exchange loss	(568)	(2,728)	(1,777)	(4,136)
Impairment loss on available-for-sale investments	(932)	-	(1,087)	-
(Impairment)/reversal of loss on property, plant and equipment	-	-	(1,200)	5
(Impairment)/reversal of assets and disposal groups held for sale under FRS 105	-	(3,066)	604	(11,056)
Gain/(Loss) on held for trading investments	4,096	(782)	4,093	(3,693)

1(b)(i) Balance Sheets

	Group		Company	
	30/6/2009	31/12/2008	30/6/2009	31/12/2008
	\$000	\$000	\$000	\$000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	41,997	43,417	944	1,359
Investment Properties	685,325	685,524	636,000	636,000
Intangible Assets	23,784	16,072	-	-
Investments in Subsidiaries	-	-	369,984	349,045
Investments in Associates	54,872	38,120	315	315
Investments in Joint Ventures	42,123	37,418	-	-
Deferred Tax Assets	2,443	1,354	-	-
Other Investments	9,257	8,856	5,591	5,217
Development Properties	201,764	184,834	-	-
Total Non-Current Assets	1,061,565	1,015,595	1,012,834	991,936
Current Assets				
Assets and Disposal Groups Held for Sale under FRS 105	-	187,215	-	-
Inventories	9,683	10,012	-	-
Income Tax Receivables	3,858	5,126	-	-
Trade and Other Receivables	183,755	200,216	1,244	22,259
Gross Amount due from Customers for Contract Work	40,512	50,876	-	-
Other Investments	11,608	8,604	-	-
Prepayments	3,966	3,710	56	35
Properties Held for Sale	208,094	197,484	-	-
Cash and Cash Equivalents	351,549	178,270	186,932	8,248
Total Current Assets	813,025	841,513	188,232	30,542
Total Assets	1,874,590	1,857,108	1,201,066	1,022,478

1(b)(i) Balance Sheets (continued):

	Group		Company	
	30/6/2009	31/12/2008	30/6/2009	31/12/2008
	\$000	\$000	\$000	\$000
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share Capital	235,852	227,320	235,852	227,320
Retained Earnings	519,132	517,244	419,500	428,282
Other Reserves	48,980	21,197	22,044	8,603
Equity, Attributable to Equity Holders of the Parent	803,964	765,761	677,396	664,205
Minority Interest	9,941	71,146	-	-
Total Equity	813,905	836,907	677,396	664,205
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	13,830	10,097	3,645	-
Term Loans	423,580	442,624	304,284	220,000
Total Non-Current Liabilities	437,410	452,721	307,929	220,000
<u>Current Liabilities</u>				
Income Tax Payable	9,661	7,209	5,735	4,693
Trade and Other Payables	190,838	224,552	102,717	16,017
Provisions	3,469	4,056	-	-
Bank Borrowings	19,206	19,303	-	-
Gross Amount due to Customers for Contract Work	24,213	16,689	-	-
Term Loans	375,888	295,671	107,289	117,563
Total Current Liabilities	623,275	567,480	215,741	138,273
Total Liabilities	1,060,685	1,020,201	523,670	358,273
Total Equity and Liabilities	1,874,590	1,857,108	1,201,066	1,022,478

1(b)(ii) Comparative figures of the Group's borrowings and debt securities

- (a) Amount repayable in one year or less, or on demand

As at 30/6/2009		As at 31/12/2008	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
113,184	281,910	1,237	313,737

- (b) Amount repayable after one year

As at 30/6/2009		As at 31/12/2008	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
116,414	307,166	219,991	222,633

- (c) Details of any collaterals

Investment properties after revaluation amounting to \$5,584,000 at 30 June 2009 (31 December 2008: \$5,313,000) have been mortgaged to secure certain loan facilities to partially finance their developments. Property, plant and equipment and development properties with a total book value of \$2,678,000 (31 December 2008: \$2,923,000) and \$108,513,000 (31 December 2008: \$97,355,000) respectively have been mortgaged to secure borrowings and term loan facilities of certain subsidiaries. Properties held for sale amounting to \$411,453,000 (31 December 2008: \$362,363,000) have also been mortgaged to secure term loan facilities of certain subsidiaries.

1(c) Consolidated Cash Flow Statement

	Group			
	3 months ended		6 months ended	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
	\$000	\$000	\$000	\$000
<u>Cash Flows From Operating Activities</u>				
Profit before Tax	14,070	8,272	24,134	3,090
Adjustments				
Depreciation of Property, Plant and Equipment	2,103	1,860	4,213	3,596
Interest Income	(554)	(978)	(972)	(1,514)
Finance Costs	3,305	2,795	5,982	5,547
Amortisation of Intangible Assets	(23)	21	75	65
Currency Realignment	(957)	1,149	(1,785)	649
Dividend Income from Investment Securities	(121)	(3,503)	(276)	(3,814)
Equity Share Options Issued	21	179	21	742
Gain on Disposal of Property, Plant and Equipment	(177)	(219)	(173)	(344)
Loss/(Gain) on Disposal of Investment Properties	-	54	-	(379)
(Gain)/Loss on Held for Trading Investments	(4,096)	782	(4,093)	3,693
Impairment/(Reversal) of Loss on Property, Plant and Equipment	-	-	1,200	(5)
Impairment of Available-for-Sale Investments	932	-	1,087	-
Impairment/(Reversal) of Assets and Disposal Groups Held for Sale under FRS 105	-	3,066	(604)	11,056
Inventories Written-Down	18	-	104	-
Reversal of Write-Down of Inventories	(324)	-	(324)	-
Share of Loss/(Profit) from Equity-Accounted Associates and Joint Ventures	2,233	(949)	1,867	(301)
Unrealised Exchange (Gain)/Loss	(259)	2,267	716	3,471
Operating Cash Flows before Changes in Working Capital	16,171	14,796	31,172	25,552
Changes in Working Capital				
Properties Held for Sale				
- Development Expenditure	(22,018)	(9,067)	(45,759)	(156,816)
- Proceeds from Progress Billings	25,478	788	35,149	2,951
(Decrease)/Increase in Trade and Other Payables and Provisions	(4,965)	5,103	(33,536)	(37,349)
Decrease/(Increase) in Trade and Other Receivables	104,425	(20,564)	141,871	11,015
Decrease in Gross Amount Due from Customers for Contract Work	1,108	9,530	10,674	25,489
(Decrease)/Increase in Gross Amount Due to Customers for Contract Work	(4,557)	(5,538)	7,524	3,268
Decrease/(Increase) in Inventories	42	473	424	(905)
Cash Flows From/(Used In) Operations	115,684	(4,479)	147,519	(126,795)
Income Taxes Paid	(1,503)	(1,001)	(1,210)	(771)
Finance Costs Paid	(3,208)	(3,141)	(8,287)	(10,521)
Interest Received	553	1,046	983	2,823
Net Cash Flows From/(Used In) Operating Activities	111,526	(7,575)	139,005	(135,264)

1(c) Consolidated Cash Flow Statement (continued)

	Group			
	3 months ended		6 months ended	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
	\$000	\$000	\$000	\$000
Cash Flows From Investing Activities				
Acquisition of Additional Share Capital in Subsidiary Company	-	(1,215)	-	(1,215)
Acquisition of Intangibles Assets	(7,233)	(40)	(8,182)	(40)
Capital and Development Expenditure	(11,867)	(3,716)	(20,394)	(92,185)
Increase in Amounts Due from Associates and Joint Ventures	(442)	(427)	(1,185)	(22,966)
Increase in Loans to Joint Ventures	(2,400)	-	(6,070)	-
Investment in Associates	-	(1,641)	-	(1,841)
Dividends Received from Associates	-	137	-	137
Dividends Received from Investment Securities	121	3,503	276	3,814
Proceeds from:				
- Disposal of Held for Trading Investments	-	33	-	33
- Disposal of Investment Properties	118	1,600	356	9,944
- Disposal of Property, Plant and Equipment	180	(454)	282	975
- Repayment of Loan Receivable from Investee Company	-	1,340	-	4,530
Net Cash Flows Used In Investing Activities	(21,523)	(880)	(34,917)	(98,814)
Cash Flows From Financing Activities				
(Decrease)/Increase in Trust Receipts and Bills Payable	(412)	802	1,283	1,853
Dividends Paid	(17,816)	(22,177)	(17,816)	(22,177)
(Decrease)/Increase in Short-Term Loans	(6,258)	2,468	(31,745)	104,351
Net Proceeds from Convertible Bonds	-	-	128,229	-
Proceeds from Long-Term Loans	2,041	3,830	9,639	113,930
Repayment of Long-Term Loans	(416)	(1,001)	(20,427)	(37,319)
Issuance of Shares Upon Exercise of Share Options	-	768	-	2,111
Net Cash Flows (Used In)/From Financing Activities	(22,861)	(15,310)	69,163	162,749
Net Increase/(Decrease) in Cash and Cash Equivalents	67,142	(23,765)	173,251	(71,329)
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	<u>270,685</u>	<u>133,496</u>	<u>164,576</u>	<u>181,060</u>
Cash and Cash Equivalents, Cash Flow Statement, Ending Balance	<u>337,827</u>	<u>109,731</u>	<u>337,827</u>	<u>109,731</u>
Note:				
Cash and Cash Equivalents comprise:				
Bank Balances and Deposits				
- Continuing Operations	351,549	120,572	351,549	120,572
- Assets and Disposal Groups Held for Sale under FRS 105	-	1,408	-	1,408
	<u>351,549</u>	<u>121,980</u>	<u>351,549</u>	<u>121,980</u>
Bank Overdrafts	(13,722)	(12,249)	(13,722)	(12,249)
Cash and Cash Equivalents	<u>337,827</u>	<u>109,731</u>	<u>337,827</u>	<u>109,731</u>

1(d) Statement of Comprehensive Income

	Group			
	3 months ended		6 months ended	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
	\$000	\$000	\$000	\$000
Profit for the Period	11,594	7,142	20,474	5,165
Other Comprehensive Income/(Expense):				
Foreign Currency Translation Adjustments:				
- Subsidiaries and Associates Reserves	(2,702)	251	(1,628)	1,606
- Inter-Company Balances of a Long-Term Nature	(337)	(67)	(271)	(176)
Available-for-Sale (AFS) Investments:				
- Valuation Gain taken to Equity	11,227	16,051	17,370	12,092
Joint Venture's Cash Flow Hedge:				
- Loss Arising during the Period	-	-	(749)	-
Other Comprehensive Income for the Period, Net of Tax	8,188	16,235	14,722	13,522
Total Comprehensive Income for the Period	19,782	23,377	35,196	18,687
Total Comprehensive Income/(Expense) Attributable to:				
Equity Holders of Parent	19,336	23,805	34,420	22,241
Minority Interests	446	(428)	776	(3,554)
	19,782	23,377	35,196	18,687

1(e)(i) Statements of Changes in Equity

The Group

Attributable to Equity Holders of the Parent

	Attributable to Equity Holders of the Parent								
	Total Equity	Equity, Attributable to Equity Holders of the Parent, Total	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Translation Reserve	Other Reserves	Minority Interest
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2009									
Opening Balance at 01/01/2009	836,907	765,761	227,320	517,244	21,674	3,772	(4,249)	-	71,146
Total Comprehensive Income/(Expense) for the Period	15,414	15,084	-	8,478	6,143	-	1,212	(749)	330
Ordinary Shares Issued on Conversion of Convertible Bonds	10	10	10	-	-	-	-	-	-
Equity Portion of Convertible Bonds	7,560	7,560	-	-	-	-	-	7,560	-
Disposal of a Subsidiary	(61,981)	-	-	-	-	-	-	-	(61,981)
Closing Balance at 31/03/2009	797,910	788,415	227,330	525,722	27,817	3,772	(3,037)	6,811	9,495
Total Comprehensive Income/(Expense) for the Period	19,782	19,336	-	11,226	11,227	-	(3,117)	-	446
Ordinary Shares Issued on Conversion of Convertible Bonds	8,522	8,522	8,522	-	-	-	-	-	-
Equity Portion of Convertible Bonds	5,486	5,486	-	-	-	-	-	5,486	-
Equity Share Options Issued	21	21	-	-	-	21	-	-	-
Dividends Paid	(17,816)	(17,816)	-	(17,816)	-	-	-	-	-
Closing Balance at 30/06/2009	813,905	803,964	235,852	519,132	39,044	3,793	(6,154)	12,297	9,941

1(e)(i) Statements of Changes in Equity (continued)

The Group	Attributable to Equity Holders of the Parent								
	Total Equity	Equity, Attributable to Equity Holders of the Parent, Total	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Translation Reserve	Other Reserves	Minority Interest
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2008									
Opening Balance at 01/01/2008	857,070	782,949	224,820	533,432	31,408	2,441	(9,152)	-	74,121
Total Comprehensive Income/(Expense) for the Period	(4,690)	(1,564)	-	1,223	(3,959)	-	1,172	-	(3,126)
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	1,343	1,343	1,343	-	-	-	-	-	-
Equity Share Options Issued	563	563	-	-	-	563	-	-	-
Closing Balance at 31/03/2008	854,286	783,291	226,163	534,655	27,449	3,004	(7,980)	-	70,995
Total Comprehensive Income/(Expense) for the Period	23,377	23,805	-	7,448	16,051	-	306	-	(428)
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	768	768	768	-	-	-	-	-	-
Equity Share Options Issued	179	179	-	-	-	179	-	-	-
Movement in Minority Interests Arising from Increase in Shareholding of a Subsidiary	(1,216)	-	-	-	-	-	-	-	(1,216)
Dividends Paid	(22,177)	(22,177)	-	(22,177)	-	-	-	-	-
Closing Balance at 30/06/2008	855,217	785,866	226,931	519,926	43,500	3,183	(7,674)	-	69,351

1(e)(i) Statements of Changes in Equity (continued)

The Company

	Total Equity	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Other Reserves
	\$000	\$000	\$000	\$000	\$000	\$000
2009						
Opening Balance at 01/01/2009	664,205	227,320	428,282	4,831	3,772	-
Total Comprehensive Income/(Expense) for the Period	6,386	-	6,408	(22)	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds	10	10	-	-	-	-
Equity Portion of Convertible Bonds	7,560	-	-	-	-	7,560
Closing Balance at 31/03/2009	678,161	227,330	434,690	4,809	3,772	7,560
Total Comprehensive Income for the Period	3,022	-	2,626	396	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds	8,522	8,522	-	-	-	-
Equity Portion of Convertible Bonds	5,486	-	-	-	-	5,486
Equity Share Options Issued	21	-	-	-	21	-
Dividends Paid	(17,816)	-	(17,816)	-	-	-
Closing Balance at 30/06/2009	677,396	235,852	419,500	5,205	3,793	13,046
2008						
Opening Balance at 01/01/2008	668,154	224,820	436,573	4,320	2,441	-
Total Comprehensive Income for the Period	3,641	-	3,441	200	-	-
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	1,343	1,343	-	-	-	-
Equity Share Options Issued	563	-	-	-	563	-
Closing Balance at 31/03/2008	673,701	226,163	440,014	4,520	3,004	-
Total Comprehensive Income for the Period	3,086	-	2,961	125	-	-
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	768	768	-	-	-	-
Equity Share Options Issued	179	-	-	-	179	-
Dividends Paid	(22,177)	-	(22,177)	-	-	-
Closing Balance at 30/06/2008	655,557	226,931	420,798	4,645	3,183	-

1(e)(ii) Details of any changes in the company's issued share capital

During Q2 2009, the Company issued 7,501,258 ordinary shares on conversion of \$10,051,710 convertible bonds since the date of issue and no option was exercised under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the six months, the Company issued 7,508,496 ordinary shares on conversion of \$10,061,410 convertible bonds since the date of issue and no option was exercised under the Scheme 2000.

As at 30 June 2009, there were 6,578,350 (30 June 2008: 6,421,350) unexercised options for ordinary shares under Scheme 2000 and \$122,913,189 convertible bonds which are convertible into 91,726,260 shares (30 June 2008: Nil) at the conversion price of \$1.34 per share.

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

The figures have not been audited or reviewed by the Group's auditors.

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

NA

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than as mentioned in Paragraph 5 regarding the adoption of new Financial Reporting Standards (FRS), there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared with the most recently audited annual financial statements as at 31 December 2008.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.

Adoption of new FRS (effective for annual financial periods beginning on or after 1 January 2009)

FRS 1 : Presentation of Financial Statements – Revised Presentation
 FRS 23 : Borrowing Costs
 FRS 102 : Share-based Payment – Vesting Conditions and Cancellations
 FRS 108 : Operating Segments

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

6 Earnings per stock unit (cents)

	3 months ended		6 months ended	
	30/6/2009	30/6/2008	30/6/2009	30/6/2008
(a) Basic*:	5.0¢	3.4¢	8.8¢	3.9¢
(b) Diluted**:	4.0¢	3.3¢	6.8¢	3.9¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	224,810,474	221,249,333	223,218,610	221,015,333
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	<u>317,005,385</u>	<u>223,745,453</u>	<u>315,206,845</u>	<u>223,379,115</u>

* Earnings per ordinary stock unit on existing issued share capital, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units in issue during the period.

** Earnings per ordinary stock unit on a fully diluted basis, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units during the period adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

	Group		Company	
	30/6/2009	31/12/2008	30/6/2009	31/12/2008
Net asset per ordinary stock unit based on the total number of issued shares (excluding treasury shares) of 229,132,829 (2008: 221,624,333)	<u>\$3.51</u>	<u>\$3.46</u>	<u>\$2.96</u>	<u>\$3.00</u>

- 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 of the group for the current financial period reported on, 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.

Overview

The Group's core businesses comprise Engineering & Construction (E&C) and Integrated Facility Management (IFM) which includes property development.

Q2 2009 compared with Q2 2008 Performance

In Q2 2009, Revenue increased by \$27.0 million (19%) to \$167.2 million from \$140.2 million in Q2 2008 mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* at one-north and *Park Central @ AMK* at Ang Mo Kio. Arising from the increased revenue, Gross Profit rose by \$6.8 million (21%) to \$39.6 million in Q2 2009. Gross Profit Percentage was 23.7% compared with 23.4% in Q2 2008.

Other Income increased by \$3.3 million (197%) to \$5.0 million in Q2 2009 mainly due to fair value gains from the Group's short-term investments.

Finance Costs increased by \$0.5 million (18%) to \$3.3 million in Q2 2009.

The Share of Loss from Equity-Accounted Associates and Joint Ventures was \$2.2 million compared with the share of profit of \$1.0 million in Q2 2008. This was mainly due to the reduction of the overall development profit of the Balmoral Crescent project arising from the bulk sales of the remaining 21 apartment units by the Group's 50%-owned joint venture, Balmoral Development Pte Ltd (BDPL). BDPL entered into the transaction in February 2009 which was concluded in Q2 2009.

H1 2009 compared with H1 2008 Performance

In H1 2009, Revenue increased by \$42.3 million (15%) to \$316.1 million from \$273.8 million in H1 2008 mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* at one-north and *Park Central @ AMK* at Ang Mo Kio. Arising from the increased revenue, Gross Profit rose by \$12.4 million (20%) to \$73.6 million in H1 2009. Gross Profit Percentage improved to 23.3% compared with 22.4% in H1 2008.

Other Income increased by \$3.8 million (166%) to \$6.1 million in H1 2009 mainly due to fair value gains from the Group's short-term investments.

Other Expenses decreased by \$8.2 million (38%) from \$21.6 million in H1 2008 to \$13.4 million as there was a fair value charge of \$11.1 million arising from the Group's disposal of its shareholding interest in Anhui Hefei United Power Generation Company Limited (AHUP) recognised in H1 2008.

The Share of Loss from Equity-Accounted Associates and Joint Ventures was \$1.9 million compared with the share of profit of \$0.3 million in H1 2008 as explained above.

Income Tax Expense was \$3.7 million compared with taxation credit of \$2.1 million in H1 2008 which arose primarily from group tax relief.

Attributable Profit

The Group's **attributable profit** for Q2 2009 increased to \$11.2 million compared with \$7.4 million in Q2 2008. For H1 2009, the attributable profit was \$19.7 million compared with \$8.7 million in H1 2008.

Earnings per ordinary stock unit (EPS) increased to 5.0 cents compared with 3.4 cents in Q2 2008. EPS for the half-year ended 30 June 2009 and 30 June 2008 were 8.8 cents and 3.9 cents respectively.

Net asset per ordinary stock unit stood at \$3.51 as at 30 June 2009 compared with \$3.46 as at 31 December 2008.

Segment Review

In the **Engineering & Construction (E&C) Division**, quarterly comparison of results is not meaningful as progress billings of job completion vary from project to project. In Q2 2009, revenue increased by \$1.0 million (1%) to \$107.9 million and gross profit percentage improved over Q2 2008. Revenue decreased by \$2.7 million (1%) to \$195.4 million in H1 2009 due to continued stringent job selection. The E&C Division recorded an operating profit of \$5.2 million mainly due to fair value gains on short-term investments.

The **Integrated Facility Management (IFM) Division** (including property development) increased its revenue by \$26.5 million (63%) to \$68.9 million in Q2 2009 and \$52.2 million (62%) to \$136.3 million in H1 2009. This was mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* at one-north and *Park Central @ AMK* at Ang Mo Kio. Profit before interest and tax for the IFM Division increased by \$8.2 million (75%) to \$19.2 million in Q2 2009 and \$12.4 million (61%) to \$32.6 million in H1 2009.

Cash Flow and Balance Sheet Review

As at 30 June 2009, the Group had a cash position of \$352 million. In June 2009, the Group received the balance of the sales proceeds of US\$60.4 million arising from the disposal of AHUP. In March 2009, the Group also received net proceeds of \$128 million from the Rights Issue (as defined in the Company's Offer Information Statement dated 6 February 2009). Of this, \$35.5 million has been used for the Group's property development projects, general working capital and repayment of amounts outstanding under a 5-year committed revolving credit facility. In H1 2009, the Group incurred development expenditure of \$62 million for the *Vista Xchange* at one-north, *Park Central @ AMK* at Ang Mo Kio and *UE Biz Hub* at Changi Business Park.

Apart from the above, the Group's components of cash flow and balance sheet and changes in these components from 31 December 2008 to 31 March 2009 and 30 June 2009 were the results of the Group's other ongoing operations.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

NA

- 10 A commentary at the date of this 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.

With an order book of \$736 million, the Group will continue to execute several large-scale building and infrastructure projects over the next 12 months. While these projects will keep the Group busy, the Group will face stiffer competition in replenishing its order books due to the challenging environment brought about by the economic slowdown in Singapore and the countries it operates in. Although some stability has been restored in the Singapore economy, the outlook for the rest of 2009 and beyond remain uncertain. The Group continues to focus on taking advantage of opportunities that may arise in our markets.

11 Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date Payable

NA

(d) Books closure date

NA

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

The Directors do not recommend the payment of an interim dividend on either the Cumulative Preference Shares or the Ordinary Stock. However, as in past years, the Directors will consider the payment of a year-end final dividend for both the Cumulative Preference Shares and Ordinary Stock.

BY ORDER OF THE BOARD

Jeslyn Heng Fook Pyng

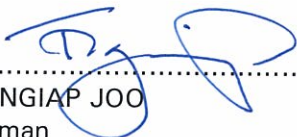
Secretary

11 August 2009


Confirmation by the Board

We, Tan Ngiap Joo and Jackson Chevalier Yap Kit Siong, being two directors of United Engineers Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q2 2009 and half year 2009 financial results to be false or misleading.

On behalf of the Board,



.....
TAN NGIAP JOO
Chairman



.....
JACKSON CHEVALIER YAP KIT SIONG
Group Managing Director and
Chief Executive Officer