

Q2 2010 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		
	30/6/2010 \$000	30/6/2009 \$000	Change %	30/6/2010 \$000	30/6/2009 \$000	Change %
Revenue*	222,839	167,153	33	418,777	316,050	33
Cost of Sales	(151,069)	(127,525)	18	(289,796)	(242,464)	20
Gross Profit	71,770	39,628	81	128,981	73,586	75
<u>Other Items of Income</u>						
Interest Income	798	554	44	1,567	972	61
Other Income	444	5,023	(91)	3,978	6,061	(34)
<u>Other Items of Expense</u>						
Distribution Costs	(2,675)	(2,303)	16	(5,330)	(4,657)	14
Administrative Expenses	(21,071)	(13,863)	52	(38,534)	(31,775)	21
Finance Costs	(1,821)	(3,305)	(45)	(2,991)	(5,982)	(50)
Other Expenses	(5,029)	(9,431)	(47)	(7,508)	(12,204)	(38)
<b>Operating Profit</b>	<b>42,416</b>	<b>16,303</b>	<b>160</b>	<b>80,163</b>	<b>26,001</b>	<b>208</b>
Share of Profit/(Loss) from Equity-Accounted Associates and Joint Ventures	814	(2,233)	NM	1,592	(1,867)	NM
Profit Before Tax	43,230	14,070	207	81,755	24,134	239
Income Tax Expense	(8,538)	(2,476)	245	(17,477)	(3,660)	378
<b>Profit Net of Tax</b>	<b>34,692</b>	<b>11,594</b>	<b>199</b>	<b>64,278</b>	<b>20,474</b>	<b>214</b>
Profit Attributable to Owners of the Parent, Net of Tax	34,289	11,226	205	62,441	19,704	217
Profit Attributable to Non- Controlling Interests, Net of Tax	403	368	10	1,837	770	139
	<b>34,692</b>	<b>11,594</b>	<b>199</b>	<b>64,278</b>	<b>20,474</b>	<b>214</b>
<u>Earnings per Stock Unit (cents)</u>						
Earnings per Stock (Basic)	13.2¢	5.0¢		24.2¢	8.8¢	
Earnings per Stock (Diluted)	10.9¢	4.0¢		19.9¢	6.8¢	
* Revenue comprises:						
Sales of goods	5,244	6,806	(23)	9,866	14,094	(30)
Sales of residential apartments	122,809	33,423	267	219,377	64,275	241
Rendering of services	22,419	26,287	(15)	44,828	49,193	(9)
Revenue from construction contracts	49,570	83,560	(41)	102,294	154,357	(34)
Rental income	20,937	16,956	23	40,499	33,855	20
Dividend income	1,860	121	1,437	1,913	276	593
Total revenue	222,839	167,153	33	418,777	316,050	33

NM: Not meaningful

1(a)(ii) Other information:

	Group			
	3 months ended		6 months ended	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009
	\$000	\$000	\$000	\$000
Depreciation of Property, Plant and Equipment	(1,871)	(2,103)	(3,877)	(4,213)
Amortisation of Intangible Assets	(242)	23	(481)	(75)
Foreign Exchange (Loss)/Gain	(53)	(568)	3,097	(1,777)
Impairment Loss on Available-for-Sale Investments	-	(932)	-	(1,087)
Impairment Loss on Intangible Assets	(300)	-	(300)	-
(Impairment)/Reversal of Impairment Loss on Property, Plant and Equipment	(460)	-	947	(1,200)
Reversal of Impairment Loss on Assets and Disposal Groups Held for Sale under FRS 105	-	-	-	604
(Loss)/Gain on Held for Trading Investments	(835)	4,096	(1,035)	4,093

1(b)(i) Statements of Financial Position

	Group		Company	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
	\$000	\$000	\$000	\$000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	39,213	42,350	3,065	2,963
Investment Properties	970,059	912,978	661,964	636,000
Intangible Assets	28,236	25,867	-	-
Investments in Subsidiaries	-	-	321,816	281,623
Investments in Associates	59,674	63,725	315	315
Investments in Joint Ventures	52,501	43,410	-	-
Deferred Tax Assets	2,328	2,328	-	-
Other Investments	6,906	6,667	5,794	5,556
<b>Total Non-Current Assets</b>	<b>1,158,917</b>	<b>1,097,325</b>	<b>992,954</b>	<b>926,457</b>
<b>Current Assets</b>				
Inventories	9,136	7,999	-	-
Income Tax Receivables	4,309	4,248	-	-
Trade and Other Receivables	214,955	192,184	32,224	26,700
Other Investments	14,910	16,721	-	-
Gross Amount due from Customers for Contract Work	24,240	36,202	-	-
Prepayments	4,134	3,203	24	105
Properties Held for Sale	348,738	260,810	-	-
Cash and Bank Balances	289,149	318,192	109,481	152,532
<b>Total Current Assets</b>	<b>909,571</b>	<b>839,559</b>	<b>141,729</b>	<b>179,337</b>
<b>Total Assets</b>	<b>2,068,488</b>	<b>1,936,884</b>	<b>1,134,683</b>	<b>1,105,794</b>

1(b)(i) Statements of Financial Position (continued):

	Group		Company	
	30/6/2010 \$000	31/12/2009 \$000	30/6/2010 \$000	31/12/2009 \$000
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>Equity</u></b>				
Share Capital	270,890	266,466	270,890	266,466
Retained Earnings	590,697	551,601	425,656	414,326
Other Reserves	53,812	59,858	23,479	23,354
<b>Equity, Attributable to Owners of the Parent</b>	<b>915,399</b>	<b>877,925</b>	<b>720,025</b>	<b>704,146</b>
Non-Controlling Interests	4,153	5,539	-	-
<b>Total Equity</b>	<b>919,552</b>	<b>883,464</b>	<b>720,025</b>	<b>704,146</b>
<b><u>Non-Current Liabilities</u></b>				
Deferred Tax Liabilities	31,631	21,210	2,039	2,039
Borrowings	442,412	423,625	186,277	187,926
<b>Total Non-Current Liabilities</b>	<b>474,043</b>	<b>444,835</b>	<b>188,316</b>	<b>189,965</b>
<b><u>Current Liabilities</u></b>				
Provisions	3,636	3,852	-	-
Income Tax Payable	17,136	14,871	10,321	7,806
Trade and Other Payables	259,234	241,651	18,169	17,762
Borrowings	366,722	340,017	197,852	186,115
Gross Amount due to Customers for Contract Work	28,165	8,194	-	-
<b>Total Current Liabilities</b>	<b>674,893</b>	<b>608,585</b>	<b>226,342</b>	<b>211,683</b>
<b>Total Liabilities</b>	<b>1,148,936</b>	<b>1,053,420</b>	<b>414,658</b>	<b>401,648</b>
<b>Total Equity and Liabilities</b>	<b>2,068,488</b>	<b>1,936,884</b>	<b>1,134,683</b>	<b>1,105,794</b>

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 30/6/2010		As at 31/12/2009	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
24,605	342,117	15,860	324,157

- (b) Amount repayable after one year

As at 30/6/2010		As at 31/12/2009	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
249,045	193,367	231,592	192,033

- (c) Details of any collaterals

Investment properties amounting to \$5,828,000 at 30 June 2010 (31 December 2009: \$5,781,000) have been mortgaged to secure certain loan facilities to partially finance their developments. Property, plant and equipment and investment properties under construction with a total book value of \$2,537,000 (31 December 2009: \$2,508,000) and \$157,604,000 (31 December 2009: \$126,593,000) respectively have been mortgaged to secure borrowings and term loan facilities of certain subsidiaries. Properties held for sale amounting to \$627,795,000 (31 December 2009: \$485,356,000) have also been mortgaged to secure term loan facilities of certain subsidiaries.

1(c) Statement of Cash Flows

	Group			
	3 months ended		6 months ended	
	30/6/2010 \$000	30/6/2009 \$000	30/6/2010 \$000	30/6/2009 \$000
<u>Cash Flows From Operating Activities</u>				
Profit before Tax	43,230	14,070	81,755	24,134
Adjustments				
Depreciation of Property, Plant and Equipment	1,871	2,103	3,877	4,213
Interest Income	(798)	(554)	(1,567)	(972)
Finance Costs	1,821	3,305	2,991	5,982
Amortisation of Intangible Assets	242	(23)	481	75
Currency Realignment	(140)	(957)	2,755	(1,785)
Dividend Income from Investment Securities	(1,860)	(121)	(1,913)	(276)
Equity Share Options Issued	49	21	125	21
Gain on Disposal of Property, Plant and Equipment	-	(177)	(212)	(173)
Impairment Loss on Intangible Assets	300	-	300	-
Loss/(Gain) on Held for Trading Investments	835	(4,096)	1,035	(4,093)
Impairment/(Reversal of Impairment) Loss on Property, Plant and Equipment	460	-	(947)	1,200
Impairment Loss on Available-for-Sale Investments	-	932	-	1,087
Reversal of Impairment Loss on Assets and Disposal Groups Held for Sale under FRS 105	-	-	-	(604)
(Reversal of write-down)/Write-down of Inventories	-	(306)	10	(220)
Share of (Profit)/Loss from Equity-Accounted Associates and Joint Ventures	(814)	2,233	(1,592)	1,867
Unrealised Exchange Loss/(Gain)	42	(259)	(2,372)	716
Operating Cash Flows before Changes in Working Capital	<u>45,238</u>	<u>16,171</u>	<u>84,726</u>	<u>31,172</u>
Changes in Working Capital				
Properties Held for Sale				
- Development Expenditure	(82,544)	(22,018)	(144,441)	(45,759)
- Proceeds from Progress Billings	29,544	25,478	58,452	35,149
Increase/(Decrease) in Trade and Other Payables and Provisions	16,836	(4,965)	15,381	(33,536)
(Increase)/Decrease in Trade and Other Receivables	(38,620)	104,425	(22,972)	141,871
Decrease in Gross Amount due from Customers for Contract Work	2,662	1,108	12,476	10,674
Increase/(Decrease) in Gross Amount due to Customers for Contract Work	6,985	(4,557)	19,971	7,524
(Increase)/Decrease in Inventories	(1,168)	42	(1,072)	424
Cash Flows (Used In)/From Operations	<u>(21,067)</u>	<u>115,684</u>	<u>22,521</u>	<u>147,519</u>
Income Taxes Paid	(4,760)	(1,503)	(4,964)	(1,210)
Interest Paid	(4,788)	(3,208)	(7,532)	(8,287)
Interest Received	797	553	1,578	983
Net Cash Flows (Used In)/From Operating Activities	<u>(29,818)</u>	<u>111,526</u>	<u>11,603</u>	<u>139,005</u>

1(c) Statement of Cash Flows (continued)

	Group			
	3 months ended		6 months ended	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009
	\$000	\$000	\$000	\$000
<u>Cash Flows From Investing Activities</u>				
Acquisition of Intangible Assets	(1,215)	(7,233)	(2,755)	(8,182)
Acquisition of Investment Properties	(72)	-	(25,964)	-
Capital and Development Expenditure	(15,683)	(11,867)	(37,099)	(20,394)
Increase in Amounts due from Associates and Joint Ventures	(508)	(442)	(1,241)	(1,185)
Increase in Loans to Joint Ventures	(4,200)	(2,400)	(6,400)	(6,070)
Dividends Received from Investment Securities	1,860	121	1,913	276
Proceeds from Disposal of Property, Plant and Equipment	165	180	4,130	282
Proceeds from Disposal of Investment Properties	3,500	118	3,500	356
Net Cash Flows Used In Investing Activities	<u>(16,153)</u>	<u>(21,523)</u>	<u>(63,916)</u>	<u>(34,917)</u>
<u>Cash Flows From Financing Activities</u>				
Issuance of Shares Upon Exercise of Share Options	270	-	270	-
(Decrease)/Increase in Trust Receipts and Bills Payable	(128)	(412)	(1,805)	1,283
Dividends Paid	(23,345)	(17,816)	(23,345)	(17,816)
Dividends Paid to Non-Controlling Interests of Subsidiaries	-	-	(3,300)	-
Increase/(Decrease) in Short-Term Loans	18,420	(6,258)	7,356	(31,745)
Net Proceeds from Convertible Bonds	-	-	-	128,229
Proceeds from Long-Term Loans	15,394	2,041	53,597	9,639
Repayment of Long-Term Loans	(1,250)	(416)	(16,442)	(20,427)
Net Cash Flows From/(Used In) Financing Activities	<u>9,361</u>	<u>(22,861)</u>	<u>16,331</u>	<u>69,163</u>
Net (Decrease)/ Increase in Cash and Cash Equivalents	<u>(36,610)</u>	67,142	<u>(35,982)</u>	173,251
Cash and Cash Equivalents, Beginning Balance	<u>308,513</u>	<u>270,685</u>	<u>307,885</u>	<u>164,576</u>
Cash and Cash Equivalents, Ending Balance	<u>271,903</u>	<u>337,827</u>	<u>271,903</u>	<u>337,827</u>
Note:				
Cash and Cash Equivalents comprise:				
Cash and Bank Balances	289,149	351,549	289,149	351,549
Bank Overdrafts	(17,246)	(13,722)	(17,246)	(13,722)
Cash and Cash Equivalents	<u>271,903</u>	<u>337,827</u>	<u>271,903</u>	<u>337,827</u>

1(d) Statement of Comprehensive Income for the second quarter ended:

	<b>Group</b>			
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30/6/2010</b>	<b>30/6/2009</b>	<b>30/6/2010</b>	<b>30/6/2009</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Profit Net of Tax for the Period</b>	<b>34,692</b>	<b>11,594</b>	<b>64,278</b>	<b>20,474</b>
<b>Other Comprehensive Income</b>				
Gains/(Losses) on Exchange Differences on Translation, Net of Tax	236	(3,039)	98	(1,899)
(Losses)/Gains on Remeasuring Available-for-Sale Investments, Net of Tax	(621)	489	(776)	400
Share of Other Comprehensive Income from Equity-Accounted Associates, Net of Tax	(1,358)	10,738	(5,749)	16,970
Gains/(Losses) on Cash Flow Hedges, Net of Tax	29	-	59	(749)
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>(1,714)</b>	<b>8,188</b>	<b>(6,368)</b>	<b>14,722</b>
<b>Total Comprehensive Income for the Period</b>	<b>32,978</b>	<b>19,782</b>	<b>57,910</b>	<b>35,196</b>
<b>Total Comprehensive Income Attributable to Owners of the Parent</b>	<b>32,510</b>	<b>19,336</b>	<b>56,270</b>	<b>34,420</b>
<b>Total Comprehensive Income Attributable to Non-Controlling Interests</b>	<b>468</b>	<b>446</b>	<b>1,640</b>	<b>776</b>
	<b>32,978</b>	<b>19,782</b>	<b>57,910</b>	<b>35,196</b>

**1(e)(i) Statements of Changes in Equity**
**The Group**
**Attributable to Owners of the Parent**

	Equity Attributable to Owners of the Parent								
	Total Equity	of the Parent	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Translation Reserve	Other Reserves	Non-Controlling Interests
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2010</b>									
Opening Balance at 1/1/2010	883,464	877,925	266,466	551,601	51,537	3,956	(8,830)	13,195	5,539
Profit for the Period	29,586	28,152	-	28,152	-	-	-	-	1,434
Other Comprehensive Income for the Period	(4,654)	(4,392)	-	-	(4,546)	-	124	30	(262)
Total Comprehensive Income for the Period	24,932	23,760	-	28,152	(4,546)	-	124	30	1,172
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	2,316	2,316	2,316	-	-	-	-	-	-
Equity Share Options Issued	76	76	-	-	-	76	-	-	-
Dividends Paid	(3,300)	-	-	-	-	-	-	-	(3,300)
Closing Balance at 31/3/2010	907,488	904,077	268,782	579,753	46,991	4,032	(8,706)	13,225	3,411
Profit for the Period	34,692	34,289	-	34,289	-	-	-	-	403
Other Comprehensive Income for the Period	(1,714)	(1,779)	-	-	(1,979)	-	171	29	65
Total Comprehensive Income for the Period	32,978	32,510	-	34,289	(1,979)	-	171	29	468
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	270	270	270	-	-	-	-	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	1,838	1,838	1,838	-	-	-	-	-	-
Equity Share Options Issued	49	49	-	-	-	49	-	-	-
Movement in Non-Controlling Interests Arising from Increase in Shareholding of a Subsidiary	274	-	-	-	-	-	-	-	274
Dividends Paid	(23,345)	(23,345)	-	(23,345)	-	-	-	-	-
Closing Balance at 30/6/2010	919,552	915,399	270,890	590,697	45,012	4,081	(8,535)	13,254	4,153

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

The Group	Attributable to Owners of the Parent								
	Total Equity	Equity Attributable to Owners of the Parent	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Translation Reserve	Other Reserves	Non- Controlling Interests
<b>2009</b>									
Opening Balance at 1/1/2009	836,907	765,761	227,320	517,244	21,674	3,772	(4,249)	-	71,146
Profit for the Period	8,880	8,478	-	8,478	-	-	-	-	402
Other Comprehensive Income for the Period	6,534	6,606	-	-	6,143	-	1,212	(749)	(72)
Total Comprehensive Income for the Period	15,414	15,084	-	8,478	6,143	-	1,212	(749)	330
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	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 31/3/2009	797,910	788,415	227,330	525,722	27,817	3,772	(3,037)	6,811	9,495
Profit for the Period	11,594	11,226	-	11,226	-	-	-	-	368
Other Comprehensive Income for the Period	8,188	8,110	-	-	11,227	-	(3,117)	-	78
Total Comprehensive Income for the Period	19,782	19,336	-	11,226	11,227	-	(3,117)	-	446
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	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 30/6/2009	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 Company**

	Total Equity	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Other Reserves
	\$000	\$000	\$000	\$000	\$000	\$000
Opening Balance at 1/1/2010	704,146	266,466	414,326	5,279	3,956	14,119
Profit for the Period	30,064	-	30,064	-	-	-
Total Comprehensive Income for the Period	30,064	-	30,064	-	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	2,316	2,316	-	-	-	-
Equity Share Options Issued	76	-	-	-	76	-
Closing Balance at 31/3/2010	736,602	268,782	444,390	5,279	4,032	14,119
Profit for the Period	4,611	-	4,611	-	-	-
Total Comprehensive Income for the Period	4,611	-	4,611	-	-	-
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	270	270	-	-	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	1,838	1,838	-	-	-	-
Equity Share Options Issued	49	-	-	-	49	-
Dividends Paid	(23,345)	-	(23,345)	-	-	-
Closing Balance at 30/6/2010	720,025	270,890	425,656	5,279	4,081	14,119
Opening Balance at 1/1/2009	664,205	227,320	428,282	4,831	3,772	-
Profit for the Period	6,408	-	6,408	-	-	-
Other Comprehensive Income for the Period	(22)	-	-	(22)	-	-
Total Comprehensive Income for the Period	6,386	-	6,408	(22)	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	10	10	-	-	-	-
Equity Portion of Convertible Bonds	7,560	-	-	-	-	7,560
Closing Balance at 31/3/2009	678,161	227,330	434,690	4,809	3,772	7,560
Profit for the Period	2,626	-	2,626	-	-	-
Other Comprehensive Income for the Period	396	-	-	396	-	-
Total Comprehensive Income for the Period	3,022	-	2,626	396	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	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 30/6/2009	677,396	235,852	419,500	5,205	3,793	13,046

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

During Q2 2010, the Company issued 1,371,344 ordinary shares on conversion of \$1,837,612 convertible bonds and 184,000 options were exercised under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the six months, the Company issued 3,355,400 ordinary shares on conversion of \$4,496,262 convertible bonds and 184,000 options were exercised under the Scheme 2000.

As at 30 June 2010, there were 6,222,850 (30 June 2009: 6,578,350) unexercised options for ordinary shares under Scheme 2000 and \$82,621,730 (30 June 2009: \$122,913,189) convertible bonds which are convertible into 61,658,007 (30 June 2009: 91,726,260) shares 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 improvements to Financial Reporting Standards (FRS) issued in 2009, there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2009.

- 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 improvements to FRS issued in 2009 (effective for annual financial periods beginning on or after 1 January 2010)

- Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
- Amendments to FRS 7 Statement of Cash Flows	1 January 2010
- Amendments to FRS 18 Revenue	1 January 2010
- Amendments to FRS 36 Impairment of Assets	1 January 2010
- FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

- 6 Earnings per stock unit (cents)

	3 months ended		6 months ended	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009
(a) Basic*:	13.2¢	5.0¢	24.2¢	8.8¢
(b) Diluted**:	10.9¢	4.0¢	19.9¢	6.8¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	258,938,625	224,810,474	257,738,032	223,218,610
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	<u>321,889,216</u>	<u>317,005,385</u>	<u>320,454,127</u>	<u>315,206,845</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	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Net asset per ordinary stock unit based on the total number of issued shares (excluding treasury shares) of 259,385,051 (2009: 255,845,651)	<u>\$3.53</u>	<u>\$3.43</u>	<u>\$2.78</u>	<u>\$2.75</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 2010 compared with Q2 2009 Performance

Revenue increased 33% to \$222.8 million mainly due to progressive recognition of revenue from property sales at *The Rochester* and *Park Central @ AMK*. Arising from the increased revenue, Gross Profit rose 81% to \$71.8 million. Gross Profit Percentage improved to 32.2% compared with 23.7% in Q2 2009.

Other Income decreased 91% to \$0.4 million mainly due to reduction in fair value gains from short-term investments in Q2 2010.

Other Expenses decreased 47% to \$5.0 million mainly due to the absence of impairment allowance for projects in Q2 2010.

Finance Costs decreased to \$1.8 million mainly due to lower interest rates in Q2 2010.

Income Tax Expense increased 245% to \$8.5 million mainly due to higher operating profit.

### H1 2010 compared with H1 2009 Performance

Revenue increased 33% to \$418.8 million mainly due to progressive recognition of revenue from property sales at *The Rochester* and *Park Central @ AMK*. Arising from the increased revenue, Gross Profit rose 75% to \$129.0 million. Gross Profit Percentage improved to 30.8% compared with 23.3% in H1 2009.

Other Income decreased 34% to \$4.0 million mainly due to the absence of fair value gains from short-term investments, mitigated by foreign exchange gain in H1 2010.

Other Expenses decreased 38% to \$7.5 million mainly due to the absence of impairment allowance for projects in H1 2010.

Finance Costs decreased to \$3.0 million mainly due to lower interest rates in H1 2010.

Income Tax Expense increased 378% to \$17.5 million mainly due to higher operating profit and under provision of prior years' income tax.

## Attributable Profit

The Group's **attributable profit** increased to \$34.3 million compared with \$11.2 million in Q2 2009. For H1 2010 attributable profit was \$62.4 million compared with \$19.7 million in H1 2009.

**Earnings per ordinary stock unit (EPS)** increased to 13.2 cents compared with 5.0 cents in Q2 2009. EPS for the half-year ended 30 June 2010 and 30 June 2009 were 24.2 cents and 8.8 cents respectively.

**Net asset per ordinary stock unit** stood at \$3.53 as at 30 June 2010 compared with \$3.43 as at 31 December 2009.

## Segment Review

In the **Engineering & Construction (E&C) Division**, revenue decreased 14% to \$93.3 million in Q2 2010 and 6% to \$183.0 million in H1 2010 due to continued stringent job selection. Despite the lower revenue, gross margin increased 14% to \$15.3 million in Q2 2010 and 35% to \$30.0 million in H1 2010. Overall operating profit was \$2.9 million compared with \$7.2 million in Q2 2009 and \$8.2 million compared with \$5.2 million in H1 2009.

In the **Integrated Facility Management (IFM) Division** (including property development), revenue increased 135% to \$160.5 million in Q2 2010 and 117% to \$294.7 million in H1 2010. This was mainly due to progressive recognition of revenue from property sales at *The Rochester* and *Park Central @ AMK*. Gross margin increased 110% to \$54.3 million in Q2 2010 and 92% to \$96.1 million in H1 2010. The IFM Division's operating profit increased by 102% to \$42.2 million in Q2 2010 and 122% to \$76.1 million in H1 2010. Both gross margin and operating profit increased mainly due to the higher revenue.

## Cash Flow and Financial Position Review

As at 30 June 2010, the Group had a cash position of \$289 million. As of June 2010, the Group incurred development expenditure of \$177 million for the *Vista Xchange (Rochester)* project in one-north, *Park Central @ AMK* in Ang Mo Kio and *UE BizHub EAST* in Changi Business Park. Apart from the above, the Group's components of cash flow and financial position and changes in these components from 31 December 2009 to 31 March 2010 and 30 June 2010 were the result 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.

In May, the Group won an executive condominium land plot at Sengkang East Avenue/Buangkok Drive for \$176 million. In July, the Group also announced that it will be developing a \$550 million retail-cum-hotel building at 277 Orchard Road (the former Specialists' Centre/Hotel Phoenix site) and project managing a retail-cum-office development diagonally across at 218 Orchard Road (the former Orchard Emerald site). As such, the Group will continue to execute several large-scale building and infrastructure projects over the next 12 months. The Group's outlook for Singapore, where the bulk of its businesses are based, is of a faster economic recovery, although its pace will depend on global economic conditions.

**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

12 August 2010

**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 2010 and half year 2010 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