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		
	30/6/2008 $000	30/6/2007 $000	Change %	30/6/2008 $000	30/6/2007 $000	Change %
Revenue*	**140,191**	145,358	(4)	**273,789**	268,467	2
Cost of Sales	**(107,402)**	(120,025)	(11)	**(212,574)**	(219,456)	(3)
Gross Profit	**32,789**	25,333	29	**61,215**	49,011	25
Other Items of Income						
Interest Income	**978**	873	12	**1,514**	1,291	17
Other Income	**1,689**	11,496	(85)	**2,277**	24,005	(91)
Other Items of Expense						
Distribution Costs	**(2,085)**	(1,468)	42	**(4,393)**	(3,604)	22
Administrative Expenses	**(15,428)**	(16,362)	(6)	**(30,638)**	(30,957)	(1)
Finance Costs	**(2,795)**	(4,411)	(37)	**(5,547)**	(9,327)	(41)
Other Expenses	**(7,825)**	(1,621)	383	**(21,639)**	(4,092)	429
Operating Profit	**7,323**	13,840	(47)	**2,789**	26,327	(89)
Share of Profit from Equity-Accounted Associates and Joint Venture	**949**	3,951	(76)	**301**	6,713	(96)
Profit Before Tax	**8,272**	17,791	(53)	**3,090**	33,040	(91)
Income Tax Expense	**(1,130)**	(990)	14	**2,075**	(2,974)	NM
Profit Net of Tax	**7,142**	16,801	(57)	**5,165**	30,066	(83)
Profit Attributable to Equity Holders of Parent, Net of Tax	**7,448**	14,905	(50)	**8,671**	26,747	(68)
(Loss)/Profit Attributable to Minority Interest, Net of Tax	**(306)**	1,896	NM	**(3,506)**	3,319	NM
	7,142	16,801	(57)	**5,165**	30,066	(83)
Earnings per Stock Unit (cents)						
Earnings per Stock (Basic)	**3.4¢**	6.8¢		**3.9¢**	12.2¢	
Earnings per Stock (Diluted)	**3.3¢**	6.7¢		**3.9¢**	12.1¢	
* Revenue comprises:						
Sales of goods	**9,053**	7,721	17	**17,079**	14,132	21
Sales of residential apartments	**4,100**	–	NM	**12,100**	–	NM
Rendering of services	**20,980**	20,599	2	**42,477**	39,391	8
Revenue from construction contracts	**85,448**	103,824	(18)	**165,340**	188,597	(12)
Rental income	**17,107**	13,211	29	**32,979**	26,039	27
Dividend income	**3,503**	3	NM	**3,814**	308	1,138
Total revenue	**140,191**	145,358	(4)	**273,789**	268,467	2

NM: Not meaningful

1(a)(ii) Other information:

	Group			
	3 months ended		6 months ended	
	30/6/2008	30/6/2007	**30/6/2008**	30/6/2007
	$000	$000	**$000**	$000
Depreciation and amortisation	**(1,881)**	(1,962)	**(3,661)**	(3,652)
Foreign exchange (loss)/gain	**(2,728)**	2,379	**(4,136)**	1,970
Impairment loss on assets and disposal groups held for sale under FRS 105 **	**(2,055)**	-	**(6,419)**	-
(Loss)/gain on held for trading investments	**(782)**	10,724	**(3,693)**	19,944
Surplus on revaluation of investment properties	-	-	-	2,916

** Net of minority interest's share

1(b)(i) Balance Sheets

	Group		Company	
	30/6/2008	31/12/2007	**30/6/2008**	31/12/2007
	$000	$000	**$000**	$000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	**44,609**	53,012	**1,636**	1,730
Investment Properties	**676,927**	687,027	**636,000**	636,000
Intangible Assets	**11,158**	2,465	-	-
Investments in Subsidiaries	-	-	**366,147**	367,818
Investments in Associates	**86,642**	47,962	**315**	315
Investment in Joint Venture	**8,459**	7,592	-	-
Deferred Tax Assets	**1,015**	529	-	-
Other Investments	**8,867**	8,783	**5,228**	4,903
Development Properties	**160,069**	72,029	-	-
Total Non-Current Assets	**997,746**	879,399	**1,009,326**	1,010,766
Current Assets				
Assets and Disposal Groups Held for Sale under FRS 105	**174,332**	185,388	-	-
Inventories	**10,168**	9,459	-	-
Income Tax Receivables	**9,907**	15,468	-	-
Trade and Other Receivables	**212,945**	222,289	**15,097**	14,164
Gross Amount due from Customers for Contract Work	**45,828**	71,216	-	-
Short-Term Investments	**18,393**	29,821	-	-
Properties Held for Sale	**217,807**	63,942	-	-
Cash and Cash Equivalents	**120,572**	187,498	**13,525**	14,279
Total Current Assets	**809,952**	785,081	**28,622**	28,443
Total Assets	**1,807,698**	1,664,480	**1,037,948**	1,039,209

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

	Group		Company	
	30/6/2008	31/12/2007	**30/6/2008**	31/12/2007
	$000	$000	**$000**	$000
EQUITY AND LIABILITIES				
Equity				
Share Capital	**226,931**	224,820	**226,931**	224,820
Retained Earnings	**519,926**	533,432	**420,798**	436,573
Other Reserves	**39,009**	24,697	**7,828**	6,761
Equity, Attributable to Equity Holders of the Parent	**785,866**	782,949	**655,557**	668,154
Minority Interest	**69,351**	74,121	–	–
Total Equity	**855,217**	857,070	**655,557**	668,154
Non-Current Liabilities				
Deferred Tax Liabilities	**6,402**	6,035	–	–
Term Loans	**422,115**	345,950	**219,000**	220,000
Total Non-Current Liabilities	**428,517**	351,985	**219,000**	220,000
Current Liabilities				
Income Tax Payable	**4,351**	6,597	**2,593**	4,424
Trade and Other Payables	**168,626**	210,746	**21,255**	24,548
Bank Borrowings	**18,973**	12,717	–	–
Gross Amount due to Customers for Contract Work	**21,788**	18,520	–	–
Term Loans	**310,226**	206,845	**139,543**	122,083
Total Current Liabilities	**523,964**	455,425	**163,391**	151,055
Total Liabilities	**952,481**	807,410	**382,391**	371,055
Total Equity and Liabilities	**1,807,698**	1,664,480	**1,037,948**	1,039,209

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 30/6/2008		As at 31/12/2007	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
–	329,199	87	219,475

(b) Amount repayable after one year

As at 30/6/2008		As at 31/12/2007	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
203,115	219,000	125,950	220,000

(c) Details of any collaterals

Investment properties after revaluation amounting to $7,358,000 at 30 June 2008 (31 December 2007: $17,458,000) 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 $2,591,000 (31 December 2007: $2,715,000) and $76,896,000 (31 December 2007: $72,029,000) respectively have been mortgaged to secure borrowings and term loan facilities of certain subsidiaries. Properties held for sale amounting to $314,009,000 (31 December 2007: $157,176,000) have also been mortgaged to secure term loan facilities of a subsidiary.

1(c) Consolidated Cash Flow Statement

	Group			
	3 months ended		6 months ended	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
	$000	$000	$000	$000
Cash Flows From Operating Activities				
Profit before Tax	8,272	17,791	3,090	33,040
Adjustments				
Depreciation of Property, Plant and Equipment	1,860	1,838	3,596	3,397
Interest Income	(978)	(873)	(1,514)	(1,291)
Finance Costs	2,795	4,411	5,547	9,327
Amortisation of Intangible Assets	21	124	65	255
Currency Realignment	1,149	3,341	649	2,000
Dividend Income from Investment Securities	(3,503)	(3)	(3,814)	(308)
Equity Share Options Issued	179	377	742	586
(Gain)/Loss on Disposal of Property, Plant and Equipment	(219)	171	(344)	102
Loss/(Gain) on Disposal of Investment Properties	54	(870)	(379)	(870)
Loss/(Gain) on Held for Trading Investments	782	(10,724)	3,693	(19,944)
Reversal of Impairment of Property, Plant and Equipment	-	-	(5)	-
Impairment of Assets and Disposal Groups Held for Sale under FRS 105	3,066	-	11,056	-
Impairment of Intangibles	-	245	-	245
Share of Profit from Equity-Accounted Associates and Joint Venture	(949)	(3,951)	(301)	(6,713)
Surplus on Revaluation of Investment Properties	-	-	-	(2,916)
Unrealised Exchange Loss/(Gain)	2,267	(2,354)	3,471	(2,115)
Operating Cash Flows before Changes in Working Capital	14,796	9,523	25,552	14,795
Changes in Working Capital				
Properties Held for Sale				
- Development Expenditure	(9,067)	(2,198)	(156,816)	(5,941)
- Proceeds from Progress Billings	788	-	2,951	-
Increase/(Decrease) in Trade and Other Payables	5,103	12,132	(37,349)	(476)
(Increase)/Decrease in Trade and Other Receivables	(20,564)	29,334	11,015	65,179
Decrease/(Increase) in Gross Amount Due from Customers for Contract Work	9,530	(15,289)	25,489	(12,033)
(Decrease)/Increase in Gross Amount Due to Customers for Contract Work	(5,538)	4,816	3,268	13,170
Decrease/(Increase) in Inventories	473	2,638	(905)	1,625
Cash Flows (Used In)/From Operations	(4,479)	40,956	(126,795)	76,319
Income Taxes Paid	(1,001)	(2,780)	(771)	(2,905)
Finance Costs Paid	(3,141)	(9,004)	(10,521)	(16,900)
Interest Received	1,046	671	2,823	1,302
Net Cash Flows (Used In)/From Operating Activities	(7,575)	29,843	(135,264)	57,816

1(c) Consolidated Cash Flow Statement *(continued)*

	Group			
	3 months ended		6 months ended	
	30/6/2008	30/6/2007	30/6/2008	30/6/2007
	$000	$000	$000	$000
Cash Flows From Investing Activities				
Acquisition of Additional Share Capital in Subsidiary Company	(1,215)	-	(1,215)	(1,151)
Acquisition of Intangibles	(40)	(170)	(40)	(170)
Capital and Development Expenditure	(3,716)	(12,039)	(92,185)	(17,385)
Increase in Amounts Due from Associates and Joint Venture	(427)	(548)	(22,966)	(419)
Increase in Loan to Joint Venture	-	(3,300)	-	(4,210)
Investment in Associates	(1,641)	-	(1,841)	-
Investment in Joint Venture	-	-	-	(500)
Dividends Received from Associates	137	-	137	-
Dividends Received from Investment Securities	3,503	3	3,814	308
Disposal of Intangibles	-	229	-	229
Proceeds from:				
- Disposal of Held for Trading Investments	33	11,999	33	11,999
- Disposal of Investment Properties	1,600	124,278	9,944	124,278
- Disposal of Property, Plant and Equipment	(454)	466	975	1,535
- Repayment of Loan Receivable from Investee Company	1,340	-	4,530	-
Net Cash Flows (Used In)/From Investing Activities	(880)	120,918	(98,814)	114,514
Cash Flows From Financing Activities				
Contribution from Minority Shareholder	-	135	-	135
Decrease in Secured Bank Borrowings	-	(1,114)	-	(1,260)
Dividends Paid	(22,177)	(17,761)	(22,177)	(17,761)
Dividends Paid to Minority Shareholder	-	(984)	-	(984)
Increase in Short-Term Loans	2,468	28,638	104,351	45,463
Proceeds from Long-Term Loans	3,830	-	113,930	-
Repayment of Long-Term Loans	(1,001)	(60,500)	(37,319)	(60,500)
Share Options Exercised	768	1,316	2,111	3,184
Net Cash Flows (Used In)/From Financing Activities	(16,112)	(50,270)	160,896	(31,723)
Net (Decrease)/Increase in Cash and Cash Equivalents	(24,567)	100,491	(73,182)	140,607
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	127,574	55,244	176,189	15,128
Cash and Cash Equivalents, Cash Flow Statement, Ending Balance	103,007	155,735	103,007	155,735

Note:
(a) Cash and Cash Equivalents

Cash and Cash Equivalents comprise:				
Bank Balances and Deposits				
- Continuing Operations	120,572	169,975	120,572	169,975
- Assets and Disposal Groups Held for Sale under FRS 105	1,408	-	1,408	-
	121,980	169,975	121,980	169,975
Unsecured Bank Borrowings	(18,973)	(14,240)	(18,973)	(14,240)
Cash and Cash Equivalents	103,007	155,735	103,007	155,735

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

The Group

	Total Equity	Equity, Attributable to Equity Holders of the Parent, Total	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Translation Reserve	Minority Interest
		Attributable to Equity Holders of Parent						
	$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
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	1,355	1,281	–	–	–	–	1,281	74
- Inter-Company Balances of a Long-Term Nature	(109)	(109)	–	–	–	–	(109)	–
Available-for-Sale (AFS) Investments:								
- Valuation Loss taken to Equity	(3,959)	(3,959)	–	–	(3,959)	–	–	–
Net Income and Expenses Recognised Directly in Equity	(2,713)	(2,787)	–	–	(3,959)	–	1,172	74
Profit/(Loss) for the Period	(1,977)	1,223	–	1,223	–	–	–	(3,200)
Total Recognised Income and Expenses 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 31/3/2008	854,286	783,291	226,163	534,655	27,449	3,004	(7,980)	70,995
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	256	378	–	–	–	–	378	(122)
- Inter-Company Balances of a Long-Term Nature	(72)	(72)	–	–	–	–	(72)	–
Available-for-Sale (AFS) Investments:								
- Valuation Gain taken to Equity	16,051	16,051	–	–	16,051	–	–	–
Net Income and Expenses Recognised Directly in Equity	16,235	16,357	–	–	16,051	–	306	(122)
Profit/(Loss) for the Period	7,142	7,448	–	7,448	–	–	–	(306)
Total Recognised Income and Expenses 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 30/6/2008	855,217	785,866	226,931	519,926	43,500	3,183	(7,674)	69,351

1(d)(i) Statements of Changes in Equity *(continued)*

The Group

	Total Equity	Equity, Attributable to Equity Holders of the Parent, Total	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Translation Reserve	Minority Interest
		Attributable to Equity Holders of Parent						
	$000	$000	$000	$000	$000	$000	$000	$000
2007								
Opening Balance at 01/01/2007	718,126	635,061	219,877	375,005	63,373	1,323	(24,517)	83,065
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	(1,567)	(1,074)	–	–	–	–	(1,074)	(493)
- Inter-Company Balances of a Long-Term Nature	(332)	(332)	–	–	–	–	(332)	–
Available-for-Sale (AFS) Investments:								
- Valuation Loss taken to Equity	(18,521)	(18,521)	–	–	(18,521)	–	–	–
Net Expenses Recognised Directly in Equity	(20,420)	(19,927)	–	–	(18,521)	–	(1,406)	(493)
Profit for the Period	13,265	11,842	–	11,842	–	–	–	1,423
Total Recognised Income and Expenses for the Period	(7,155)	(8,085)	–	11,842	(18,521)	–	(1,406)	930
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	1,868	1,868	1,868	–	–	–	–	–
Equity Share Options Issued	209	209	–	–	–	209	–	–
Movement in Minority Interests Arising from Increase in Shareholding of a Subsidiary	(239)	–	–	–	–	–	–	(239)
Closing Balance at 31/3/2007	712,809	629,053	221,745	386,847	44,852	1,532	(25,923)	83,756
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	6,725	4,419	–	–	–	–	4,419	2,306
- Inter-Company Balances of a Long-Term Nature	466	466	–	–	–	–	466	–
Available-for-Sale (AFS) Investments:								
- Valuation Loss taken to Equity	(2,209)	(2,209)	–	–	(2,209)	–	–	–
Net Income and Expenses Recognised Directly in Equity	4,982	2,676	–	–	(2,209)	–	4,885	2,306
Profit for the Period	16,801	14,905	–	14,905	–	–	–	1,896
Total Recognised Income and Expenses for the Period	21,783	17,581	–	14,905	(2,209)	–	4,885	4,202
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	1,316	1,316	1,316	–	–	–	–	–
Equity Share Options Issued	377	377	–	–	–	377	–	–
Movement in Minority Interests Arising from Increase in Shareholding of a Subsidiary	135	–	–	–	–	–	–	135
Dividends Paid	(18,745)	(17,761)	–	(17,761)	–	–	–	(984)
Closing Balance at 30/6/2007	717,675	630,566	223,061	383,991	42,643	1,909	(21,038)	87,109

1(d)(i) Statements of Changes in Equity *(continued)*

The Company

	Total Equity	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve
	$000	$000	$000	$000	$000
2008					
Opening Balance at 01/01/2008	668,154	224,820	436,573	4,320	2,441
Available-for-Sale (AFS) Investments:					
- Valuation Gain taken to Equity	200	-	-	200	-
Net Income Recognised Directly in Equity	200	-	-	200	-
Profit for the Period	3,441	-	3,441	-	-
Total Recognised 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 31/3/2008	673,701	226,163	440,014	4,520	3,004
Available-for-Sale (AFS) Investments:					
- Valuation Gain taken to Equity	125	-	-	125	-
Net Income Recognised Directly in Equity	125	-	-	125	-
Profit for the Period	2,961	-	2,961	-	-
Total Recognised 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 30/6/2008	655,557	226,931	420,798	4,645	3,183
2007					
Opening Balance at 01/01/2007	477,246	219,877	251,726	4,320	1,323
Profit for the Period	811	-	811	-	-
Total Recognised Income for the Period	811	-	811	-	-
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	1,868	1,868	-	-	-
Equity Share Options Issued	209	-	-	-	209
Closing Balance at 31/3/2007	480,134	221,745	252,537	4,320	1,532
Profit for the Period	6,535	-	6,535	-	-
Total Recognised Income for the Period	6,535	-	6,535	-	-
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	1,316	1,316	-	-	-
Equity Share Options Issued	377	-	-	-	377
Dividends Paid	(17,761)	-	(17,761)	-	-
Closing Balance at 30/6/2007	470,601	223,061	241,311	4,320	1,909

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

During Q2 2008, the Company issued 369,000 ordinary shares upon the exercise of options granted under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the six months, the Company issued 1,122,900 ordinary shares upon the exercise of options granted under the Scheme 2000.

As at 30 June 2008, there were 6,421,350 (30 June 2007: 6,068,600) unexercised options for ordinary shares under Scheme 2000.

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 Interpretations of Financial Reporting Standards (INT 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 to the most recently audited annual financial statements as at 31 December 2007.

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 INT FRS

INT FRS 112 – Service Concession Arrangements (effective for annual financial periods beginning on or after 1 January 2008)

INT FRS 112 requires the recognition of construction revenue and the corresponding financial receivable and/or intangible asset for public-to-private service concession arrangement if:

- the party that grants the service arrangement (the "grantor") controls or regulates what services the entity (the "operator") must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure asset at the end of the term of arrangement.

The interpretation has no material impact on the financial position of the Group. The change in the accounting policy is applied prospectively.

6 Earnings per stock unit (cents)

	3 months ended		6 months ended	
	30/6/2008	30/6/2007	**30/6/2008**	30/6/2007
(a) Basic*:	**3.4¢**	6.8¢	**3.9¢**	12.2¢
(b) Diluted**:	**3.3¢**	6.7¢	**3.9¢**	12.1¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**221,249,333**	219,053,900	**221,015,333**	218,411,756
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**223,745,453**	222,202,361	**223,379,115**	221,158,686

* 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	
	30/6/2008	31/12/2007	**30/6/2008**	31/12/2007
Net asset per ordinary stock unit based on the total number of issued shares (excluding treasury shares) of 221,370,333 (2007: 220,247,433)	**$3.55**	$3.55	**$2.96**	$3.03

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 activities.

Operationally, the Group has improved its performance in both Q2 2008 and H1 2008 over the corresponding periods in 2007. Excluding fair value adjustments and divestment gains on short-term investments, operating profit for Q2 2008 amounted to $10.5 million compared to $1.8 million in Q2 2007, representing an increase of $8.7 million or 478%. On the same basis, operating profit for H1 2008 increased $14.3 million (656%) to $16.5 million from $2.2 million in H1 2007.

The current poor market sentiment and strong Singapore dollar against the US dollar have adversely impacted our performance. Arising from this, the market value of the Group's short-term investments and the carrying value of its investment in Anhui Hefei United Power Generation Company Limited (AHUP) declined substantially.

For **Q2 2008**, Gross Profit rose $7.5 million (29%) to $32.8 million while Gross Profit percentage increased to 23.4% compared to 17.4% in Q2 2007. This was due to improved margins from both the E&C and IFM divisions, although Revenue declined $5.2 million (4%) to $140.2 million from $145.4 million in Q2 2007.

Other Income decreased $9.8 million (85%) from $11.5 million in Q2 2007 to $1.7 million in Q2 2008 due to fair value gains and gains on divestment of short-term investments in Q2 2007. Arising from a stronger Singapore dollar against Ringgit, Rupiah and US dollar, the Group incurred (1) translation losses of $2.7 million on foreign currency denominated liabilities and (2) a fair value charge of $3.1 million ($2.1 million after minority interest) relating to the carrying value of its investment in AHUP. As a result of the above, Other Expenses increased $6.2 million (383%) to $7.8 million, compared to $1.6 million in Q2 2007.

Finance Costs decreased from $4.4 million in Q2 2007 to $2.8 million due to lower interest rates in Q2 2008.

Arising from all the above, Operating Profit declined from $13.8 million in Q2 2007 to $7.3 million in Q2 2008.

The Share of Results from Equity-Accounted Associates in Q2 2008 decreased $3.0 million from $4.0 million in Q2 2007 due to the cessation of contribution from AHUP with effect from 1 December 2007. The proposed divestment of AHUP was approved by shareholders on 25 April 2008 and is pending finalisation.

In **H1 2008,** Gross Profit rose $12.2 million (25%) to $61.2 million as Revenue increased $5.3 million (2%) to $273.8 million from $268.5 million in H1 2007. Gross Profit percentage increased to 22.4% compared to 18.3% for H1 2007.

Operating Profit was affected by fair value losses relating to the Group's short-term investments, foreign currency translation losses and unrealised exchange losses. Other Income decreased $21.7 million (91%) from $24.0 million in H1 2007 to $2.3 million in H1 2008 due to fair value gains and gains on divestment of short-term investments in H1 2007. Other Expenses increased $17.5 million (429%) to $21.6 million, compared to $4.1 million in H1 2007 mainly due to (1) fair value losses relating to the Group's short-term investments of $3.5 million and (2) translation losses of $4.1 million and a fair value charge of $11.1 million ($6.4 million after minority interest) against AHUP arising from a stronger Singapore dollar.

Finance Costs decreased from $9.3 million in H1 2007 to $5.5 million due to lower interest rates in H1 2008. The taxation credit in H1 2008 arose primarily from group tax relief.

The Share of Results from Equity-Accounted Associates in H1 2008 decreased $6.4 million from $6.7 million in H1 2007 due to the cessation of contribution from AHUP.

Attributable Profit

The Group's **attributable profit** for Q2 2008 was $7.4 million compared to $14.9 million in Q2 2007. For H1 2008, the attributable profit was $8.7 million compared to $26.7 million in H1 2007. Excluding fair value adjustments and divestment gains on short-term investments, attributable profit for H1 2008 was $18.5 million compared to $6.8 million in H1 2007, representing an increase of 172% on a half-year basis.

Earnings per ordinary stock unit (EPS) decreased to 3.4 cents compared to 6.8 cents in Q2 2007. EPS for the half-year ended 30 June 2008 and 30 June 2007 were 3.9 cents and 12.2 cents respectively.

Net asset per ordinary stock unit at $3.55 as at 30 June 2008 remained unchanged as at the end of 2007.

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 2008, although revenue decreased $8.6 million, gross profit percentage improved over Q2 2007. Revenue decreased $15.8 million (8%) to $194.4 million in H1 2008 due to continued stringent job selection. The E&C Division recorded a fair value loss on short-term investments, resulting in a lower operating profit of $2.9 million in Q2 2008 and $1.5 million in H1 2008, compared to $16.4 million in Q2 2007 and $32.3 million in H1 2007 (which included fair value and divestment gains on short-term investments of $10.7 million in Q2 2007 and $19.9 million in H1 2007).

The **Integrated Facility Management (IFM) Division** (including property development activities) increased its revenue by $11.9 million (37%) to $43.6 million in Q2 2008 and $25.4 million (41%) to $87.9 million in H1 2008. This was mainly due to higher rental rates and partial recognition of income from the sale of *The Rochester.* Arising from higher revenue, the IFM Division's profit before interest and tax grew $8.5 million (315%) in Q2 2008 and $12.8 million (196%) in H1 2008.

Cash Flow and Balance Sheet Review

In H1 2008, the Group obtained financing of $182 million and incurred development expenditure of $244 million on its projects at One-North, Ang Mo Kio Street 52, Balmoral Crescent and the Changi Business Park. The Group also extended a shareholder's loan of $23 million to an associated company and received sale proceeds of $9.9 million from divestment of investment properties. Apart from the above, the Group's components of cash flow and balance sheet and changes in these components from 31 December 2007 to 31 March 2008 and 30 June 2008 were the results of the Group's normal ongoing operations.

Fusionopolis Industrial Accident

In April 2004, a section of the steel reinforcement cage of a raft foundation slab for the proposed basement construction for the Fusionopolis building collapsed. Greatearth-United Engineers Joint Venture (JV) is the appointed main contractor. The Ministry of Manpower had released its findings on 5 May 2005 and had filed charges against the JV and three of its officers. The JV pleaded guilty on 2 August 2006 to a single charge under section 33(1)(A) read with section 89(5) of the Factories Act. On 18 September 2006, the JV was fined $160,000. On 3 February 2007, the JV's three officers were acquitted and cleared of all charges. As reported previously, there is a contingent liability for potential claims due to delays arising from the accident and other delaying events. It is not practicable to determine the financial impact of any claims by the client at this point in time.

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 $1.1 billion, the Group will continue to execute several large building and infrastructure projects in Singapore and the region over the next quarter and 12 months. Continued pressure from the rising costs of building materials, energy and manpower resources will have an impact on the engineering and construction industry.

The rapidly developing economies of China, Middle East, Indonesia and Vietnam are expected to contribute to the strong demand for infrastructure development. There is also a growing global demand for quality potable water and an increasing emphasis on environmental related projects owing to tighter regulations and growing awareness of green issues, particularly in Asia.

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
30 July 2008

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 2008 and half year 2008 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