Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q3 AND PERIOD ENDED 30 SEPTEMBER 2008 RESULTS

These figures have not been audited.

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

Group	3 months ended			9 months ended		
	30/9/2008 $000	30/9/2007 $000	Change %	30/9/2008 $000	30/9/2007 $000	Change %
Revenue*	**144,195**	130,438	11	**417,984**	398,905	5
Cost of Sales	**(103,103)**	(98,812)	4	**(315,677)**	(318,267)	(1)
Gross Profit	**41,092**	31,626	30	**102,307**	80,638	27
Other Items of Income						
Interest Income	**768**	659	17	**2,282**	1,950	17
Other Income	**6,607**	3,289	101	**2,780**	26,741	(90)
Other Items of Expense						
Distribution Costs	**(2,764)**	(2,321)	19	**(7,157)**	(5,925)	21
Administrative Expenses	**(16,944)**	(14,018)	21	**(47,582)**	(44,974)	6
Finance Costs	**(2,643)**	(4,022)	(34)	**(8,190)**	(13,350)	(39)
Other Expenses	**(18,823)**	(8,912)	111	**(34,356)**	(12,452)	176
Operating Profit	**7,293**	6,301	16	**10,084**	32,628	(69)
Share of Profit from Equity-Accounted Associates and Joint Venture	**869**	4,450	(80)	**1,170**	11,163	(90)
Profit Before Tax	**8,162**	10,751	(24)	**11,254**	43,791	(74)
Income Tax Expense	**(3,576)**	(1,049)	241	**(1,502)**	(4,023)	(63)
Profit Net of Tax	**4,586**	9,702	(53)	**9,752**	39,768	(75)
Profit Attributable to Equity Holders of Parent, Net of Tax	**1,890**	7,414	(75)	**10,562**	34,161	(69)
Profit/(Loss) Attributable to Minority Interest, Net of Tax	**2,696**	2,288	18	**(810)**	5,607	NM
	4,586	9,702	(53)	**9,752**	39,768	(75)
Earnings per Stock Unit (cents)						
Earnings per Stock (Basic)	**0.8¢**	3.4¢		**4.8¢**	15.6¢	
Earnings per Stock (Diluted)	**0.8¢**	3.3¢		**4.7¢**	15.4¢	
* Revenue comprises:						
Sales of goods	**8,403**	8,810	(5)	**25,482**	22,942	11
Sales of residential apartments	**10,500**	1,158	807	**22,600**	1,158	1,852
Rendering of services	**23,732**	25,188	(6)	**66,209**	64,579	3
Revenue from construction contracts	**84,013**	80,191	5	**249,353**	268,788	(7)
Rental income	**17,503**	14,162	24	**50,482**	40,201	26
Dividend income	**44**	929	(95)	**3,858**	1,237	212
Total revenue	**144,195**	130,438	11	**417,984**	398,905	5

NM: Not meaningful

1(a)(ii) Other information:

	Group			
	3 months ended		9 months ended	
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	$000	$000	$000	$000
Depreciation and amortisation	**(2,469)**	(1,964)	**(6,130)**	(5,616)
Foreign exchange gain/(loss)	**1,163**	(3,221)	**(2,973)**	(1,252)
Impairment loss on assets held for sale **	**4,090**	–	**(2,329)**	–
(Loss)/gain on held for trading investments	**(3,014)**	(2,916)	**(6,707)**	17,028
Surplus on revaluation of investment properties	–	–	–	2,916

** Net of minority interest's share

1(b)(i) Balance Sheets

	Group		Company	
	30/9/2008	31/12/2007	30/9/2008	31/12/2007
	$000	$000	$000	$000
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	**43,021**	53,012	**1,577**	1,730
Investment Properties	**680,422**	687,027	**636,000**	636,000
Intangible Assets	**11,797**	2,465	–	–
Investments in Subsidiaries	–	–	**370,132**	367,818
Investments in Associates	**72,111**	47,962	**315**	315
Investment in Joint Venture	**9,392**	7,592	–	–
Deferred Tax Assets	**1,015**	529	–	–
Other Investments	**8,820**	8,783	**5,180**	4,903
Development Properties	**168,000**	72,029	–	–
Total Non-Current Assets	**994,578**	879,399	**1,013,204**	1,010,766
Current Assets				
Assets and Disposal Groups Held for Sale under FRS 105	**180,436**	185,388	–	–
Inventories	**11,031**	9,459	–	–
Income Tax Receivables	**9,004**	15,468	–	–
Trade and Other Receivables	**224,284**	222,289	**15,831**	14,164
Gross Amount due from Customers for Contract Work	**51,562**	71,216	–	–
Short-Term Investments	**8,546**	29,821	–	–
Properties Held for Sale	**228,814**	63,942	–	–
Cash and Cash Equivalents	**124,694**	187,498	**13,870**	14,279
Total Current Assets	**838,371**	785,081	**29,701**	28,443
Total Assets	**1,832,949**	1,664,480	**1,042,905**	1,039,209

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

	Group		Company	
	30/9/2008	31/12/2007	30/9/2008	31/12/2007
	$000	$000	$000	$000
EQUITY AND LIABILITIES				
Equity				
Share Capital	**227,319**	224,820	**227,319**	224,820
Retained Earnings	**521,816**	533,432	**424,956**	436,573
Other Reserves	**17,105**	24,697	**8,381**	6,761
Equity, Attributable to Equity Holders of the Parent	**766,240**	782,949	**660,656**	668,154
Minority Interest	**72,108**	74,121	**–**	–
Total Equity	**838,348**	857,070	**660,656**	668,154
Non-Current Liabilities				
Deferred Tax Liabilities	**6,057**	6,035	**–**	–
Term Loans	**429,079**	345,950	**219,000**	220,000
Total Non-Current Liabilities	**435,136**	351,985	**219,000**	220,000
Current Liabilities				
Income Tax Payable	**6,105**	6,597	**3,993**	4,424
Trade and Other Payables	**201,642**	210,746	**21,590**	24,548
Bank Borrowings	**20,088**	12,717	**–**	–
Gross Amount due to Customers for Contract Work	**19,496**	18,520	**–**	–
Term Loans	**312,134**	206,845	**137,666**	122,083
Total Current Liabilities	**559,465**	455,425	**163,249**	151,055
Total Liabilities	**994,601**	807,410	**382,249**	371,055
Total Equity and Liabilities	**1,832,949**	1,664,480	**1,042,905**	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 30/9/2008		As at 31/12/2007	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
415	331,807	87	219,475

(b) Amount repayable after one year

As at 30/9/2008		As at 31/12/2007	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
210,078	219,000	125,950	220,000

(c) Details of any collaterals

Investment properties after revaluation amounting to $7,597,000 at 30 September 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 $2,602,000 (31 December 2007: $2,715,000) and $84,893,000 (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 $327,311,000 (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		9 months ended	
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	$000	$000	$000	$000
Cash Flows From Operating Activities				
Profit before Tax	**8,162**	10,751	**11,254**	43,791
Adjustments				
Depreciation of Property, Plant and Equipment	**2,055**	1,848	**5,651**	5,245
Interest Income	**(768)**	(659)	**(2,282)**	(1,950)
Finance Costs	**2,643**	4,022	**8,190**	13,349
Amortisation of Intangible Assets	**414**	116	**479**	371
Currency Realignment	**1,438**	(4,357)	**2,085**	(2,337)
Dividend Income from Investment Securities	**–**	(929)	**(3,814)**	(1,237)
Equity Share Options Issued	**370**	287	**1,112**	873
Gain on Disposal of Property, Plant and Equipment	**–**	(1,098)	**(344)**	(996)
Gain on Disposal of Investment Properties	**–**	(1,025)	**(379)**	(1,895)
Loss/(Gain) on Held for Trading Investments	**3,014**	2,916	**6,707**	(17,028)
Reversal of Impairment of Property, Plant and Equipment	**(71)**	–	**(76)**	–
Impairment of Assets Held for Sale	**(6,104)**	–	**4,952**	–
Impairment of Intangibles	**–**	–	**–**	245
Share of Profit from Equity-Accounted Associates and Joint Venture	**(941)**	(4,450)	**(1,242)**	(11,163)
Surplus on Revaluation of Investment Properties	**–**	–	**–**	(2,916)
Unrealised Exchange (Gain)/Loss	**(1,380)**	3,248	**2,091**	1,113
Operating Cash Flows before Changes in Working Capital	**8,832**	10,670	**34,384**	25,465
Changes in Working Capital				
Properties Held for Sale				
- Development Expenditure	**(13,302)**	(6,464)	**(170,118)**	(19,652)
- Proceeds from Progress Billings	**2,295**	97,385	**5,246**	97,385
Increase/(Decrease) in Trade and Other Payables	**36,921**	(54,703)	**(428)**	(55,179)
(Increase)/Decrease in Trade and Other Receivables	**(9,813)**	3,112	**1,202**	68,291
(Increase)/Decrease in Gross Amount Due from Customers for Contract Work	**(5,775)**	(2,419)	**19,714**	(14,452)
(Decrease)/Increase in Gross Amount Due to Customers for Contract Work	**(2,291)**	41,080	**977**	54,250
(Increase)/Decrease in Inventories	**(745)**	(717)	**(1,650)**	908
Cash Flows From/(Used In) Operations	**16,122**	87,944	**(110,673)**	157,016
Income Taxes Paid	**(1,895)**	(1,563)	**(2,666)**	(4,468)
Finance Costs Paid	**(5,313)**	(6,048)	**(15,834)**	(22,948)
Interest Received	**784**	700	**3,607**	2,002
Net Cash Flows From/(Used In) Operating Activities	**9,698**	81,033	**(125,566)**	131,602

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

	Group			
	3 months ended		9 months ended	
	30/9/2008	30/9/2007	30/9/2008	30/9/2007
	$000	$000	$000	$000
Cash Flows From Investing Activities				
Acquisition of Additional Share Capital in a Subsidiary	(269)	–	(1,484)	(1,151)
Acquisition of Intangibles	(2,397)	–	(2,437)	(170)
Capital and Development Expenditure	(11,385)	(3,121)	(103,570)	(13,259)
Increase in Amounts Due from Associates and Joint Venture	(1,898)	(466)	(24,864)	(885)
Increase in Loan to Joint Venture	–	–	–	(4,210)
Investment in Associates	(22)	–	(1,863)	–
Investment in Joint Venture	–	–	–	(500)
Dividends Received from Associates	–	174	137	174
Dividends Received from Investment Securities	–	929	3,814	1,237
Disposal of Intangibles	–	–	–	229
Proceeds from:				
- Disposal of Held for Trading Investments	–	–	33	11,999
- Disposal of Investment Properties	164	6,394	10,108	130,672
- Disposal of Property, Plant and Equipment	414	1,495	1,389	3,030
- Disposal of Other Investments	–	-	4,530	-
- Repayment of Loan Receivable from Investee Company	–	5,739	–	5,739
Net Cash Flows (Used In)/From Investing Activities	(15,393)	11,144	(114,207)	132,905
Cash Flows From Financing Activities				
Contribution from/(Payment to) Minority Shareholder	564	(4,494)	564	(4,359)
Decrease in Secured Bank Borrowings	–	–	–	(1,260)
Dividends Paid	–	–	(22,177)	(17,761)
Dividends Paid to Minority Interests of Subsidiaries	–	–	–	(984)
Increase/(Decrease) in Short-Term Loans	7,750	(54,994)	112,101	(9,531)
Proceeds from Long-Term Loans	–	500	113,930	–
Repayment of Long-Term Loans	–	–	(37,319)	(60,000)
Issuance of Shares Upon Exercise of Share Options	388	765	2,499	3,949
Net Cash Flows From/(Used In) Financing Activities	8,702	(58,223)	169,598	(89,946)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,007	33,954	(70,175)	174,561
Cash and Cash Equivalents, Beginning Balance	103,007	155,735	176,189	15,128
Cash and Cash Equivalents, Ending Balance	106,014	189,689	106,014	189,689

Note:

(a) Cash and Cash Equivalents

Cash and Cash Equivalents comprise:				
Bank Balances and Deposits				
- Continuing Operations	124,694	196,570	124,694	196,570
- Assets Held for Sale	1,408	–	1,408	–
	126,102	196,570	126,102	196,570
Unsecured Bank Borrowings	(20,088)	(6,881)	(20,088)	(6,881)
Cash and Cash Equivalents	106,014	189,689	106,014	189,689

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 the Parent						
	$000	$000	$000	$000	$000	$000	$000	$000
2008								
Opening Balance at 01/1/2008	857,070	782,949	224,820	533,432	31,408	2,441	(9,152)	74,121
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	1,611	1,659	–	–	–	–	1,659	(48)
- Inter-Company Balances of a Long-Term Nature	(181)	(181)	–	–	–	–	(181)	–
Available-for-Sale (AFS) Investments:								
- Valuation Gain taken to Equity	12,092	12,092	–	–	12,092	–	–	–
Net Income and Expenses Recognised Directly in Equity	13,522	13,570	–	–	12,092	–	1,478	(48)
Profit/(Loss) for the Period	5,165	8,671	–	8,671	–	–	–	(3,506)
Total Recognised Income and Expenses for the Period	18,687	22,241	–	8,671	12,092	–	1,478	(3,554)
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	2,111	2,111	2,111	–	–	–	–	–
Equity Share Options Issued	742	742	–	–	–	742	–	–
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
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	459	677	–	–	–	–	677	(218)
- Inter-Company Balances of a Long-Term Nature	167	167	–	–	–	–	167	–
Available-for-Sale (AFS) Investments:								
- Valuation Loss taken to Equity	(23,118)	(23,118)	–	–	(23,118)	–	–	–
Net Income and Expenses Recognised Directly in Equity	(22,492)	(22,274)	–	–	(23,118)	–	844	(218)
Profit for the Period	4,586	1,890	–	1,890	–	–	–	2,696
Total Recognised Income and Expenses for the Period	(17,906)	(20,384)	–	1,890	(23,118)	–	844	2,478
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	388	388	388	–	–	–	–	–
Equity Share Options Issued	370	370	–	–	–	370	–	–
Movement in Minority Interests Arising from Increase in Shareholding of a Subsidiary	279	–	–	–	–	–	–	279
Closing Balance at 30/9/2008	838,348	766,240	227,319	521,816	20,382	3,553	(6,830)	72,108

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 the Parent						
	$000	$000	$000	$000	$000	$000	$000	$000
2007								
Opening Balance at 01/1/2007	718,126	635,061	219,877	375,005	63,373	1,323	(24,517)	83,065
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	5,158	3,345	–	–	–	–	3,345	1,813
- Inter-Company Balances of a Long-Term Nature	134	134	–	–	–	–	134	–
Available-for-Sale (AFS) Investments:								
- Valuation Loss taken to Equity	(20,730)	(20,730)	–	–	(20,730)	–	–	–
Net Income and Expenses Recognised Directly in Equity	(15,438)	(17,251)	–	–	(20,730)	–	3,479	1,813
Profit for the Period	30,066	26,747	–	26,747	–	–	–	3,319
Total Recognised Income and Expenses for the Period	14,628	9,496	–	26,747	(20,730)	–	3,479	5,132
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	3,184	3,184	3,184	–	–	–	–	–
Equity Share Options Issued	586	586	–	–	–	586	–	–
Movement in Minority Interests Arising from Increase in Shareholding of a Subsidiary	(104)	–	–	–	–	–	–	(104)
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
Foreign Currency Translation Adjustments:								
- Subsidiaries and Associates Reserves	(1,126)	(443)	–	–	–	–	(443)	(683)
- Inter-Company Balances of a Long-Term Nature	(1,047)	(1,047)	–	–	–	–	(1,047)	–
Available-for-Sale (AFS) Investments:								
- Valuation Loss taken to Equity	(12,916)	(12,916)	–	–	(12,916)	–	–	–
Net Expenses Recognised Directly in Equity	(15,089)	(14,406)	–	–	(12,916)	–	(1,490)	(683)
Profit for the Period	9,702	7,414	–	7,414	–	–	–	2,288
Total Recognised Income and Expenses for the Period	(5,387)	(6,992)	–	7,414	(12,916)	–	(1,490)	1,605
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	765	765	765	–	–	–	–	–
Equity Share Options Issued	287	287	–	–	–	287	–	–
Movement in Minority Interests Arising from Increase in Shareholding of a Subsidiary	(4,494)	–	–	–	–	–	–	(4,494)
Closing Balance at 30/9/2007	708,846	624,626	223,826	391,405	29,727	2,196	(22,528)	84,220

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 01/1/2008	668,154	224,820	436,573	4,320	2,441
Available-for-Sale (AFS) Investments:					
- Valuation Gain taken to Equity	325	–	–	325	–
Net Income Recognised Directly in Equity	325	–	–	325	–
Profit for the Period	6,402	–	6,402	–	–
Total Recognised Income for the Period	6,727	–	6,402	325	–
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	2,111	2,111	–	–	–
Equity Share Options Issued	742	–	–	–	742
Dividends Paid	(22,177)	–	(22,177)	–	–
Closing Balance at 30/6/2008	655,557	226,931	420,798	4,645	3,183
Available-for-Sale (AFS) Investments:					
- Valuation Gain taken to Equity	183	–	–	183	–
Net Income Recognised Directly in Equity	183	–	–	183	–
Profit for the Period	4,158	–	4,158	–	–
Total Recognised Income for the Period	4,341	–	4,158	183	–
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	388	388	–	–	–
Equity Share Options Issued	370	–	–	–	370
Closing Balance at 30/9/2008	660,656	227,319	424,956	4,828	3,553
2007					
Opening Balance at 01/1/2007	477,246	219,877	251,726	4,320	1,323
Profit for the Period	7,346	–	7,346	–	–
Total Recognised Income for the Period	7,346	–	7,346	–	–
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	3,184	3,184	–	–	–
Equity Share Options Issued	586	–	–	–	586
Dividends Paid	(17,761)	–	(17,761)	–	–
Closing Balance at 30/6/2007	470,601	223,061	241,311	4,320	1,909
Profit for the Period	416	–	416	–	–
Total Recognised Income for the Period	416	–	416	–	–
Ordinary Shares Issued on Exercise of Share Options Converted into Ordinary Stocks	765	765	–	–	–
Equity Share Options Issued	287	–	–	–	287
Closing Balance at 30/9/2007	472,069	223,826	241,727	4,320	2,196

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

During Q3 2008, the Company issued 254,000 ordinary shares upon the exercise of options granted under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the nine months, the Company issued 1,376,900 ordinary shares upon the exercise of options granted under the Scheme 2000.

As at 30 September 2008, there were 5,867,350 (30 September 2007: 5,558,800) 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		9 months ended	
	30/9/2008	30/9/2007	**30/9/2008**	30/9/2007
(a) Basic*:	**0.8¢**	3.4¢	**4.8¢**	15.6¢
(b) Diluted**:	**0.8¢**	3.3¢	**4.7¢**	15.4¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**221,543,666**	219,554,833	**221,191,444**	218,792,782
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**222,674,076**	222,509,028	**223,110,286**	221,454,978

* 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	
	30/9/2008	31/12/2007	30/9/2008	31/12/2007
Net asset per ordinary stock unit based on the total number of issued shares (excluding treasury shares) of 221,624,333 (2007: 220,247,433)	**$3.46**	$3.55	**$2.98**	$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.

Q3 2008 compared with Q3 2007 Performance

In Q3 2008, Revenue increased by $13.8 million (11%) to $144.2 million from $130.4 million in Q3 2007, mainly due to recognition of revenue from the residential project, *The Rochester* at One-North, based on percentage of completion. Gross Profit rose by $9.5 million (30%) to $41.1 million from $31.6 million. Gross Profit percentage increased to 28.5% compared to 24.2% in Q3 2007. This was due to improved margins from both the E&C and IFM divisions.

Other Income increased $3.3 million (101%) from $3.3 million in Q3 2007 to $6.6 million in Q3 2008 due to the fair value gain of $6.1 million ($4.1 million after minority interest) from the carrying value of its investment in AHUP arising from a stronger US dollar against Singapore dollar in Q3 2008. Other Expenses increased $9.9 million (111%) to $18.8 million compared to $8.9 million in Q3 2007 mainly due to provision for compensation cost for the Fusionopolis project. In addition, the poor market sentiment has adversely affected the market value of the Group's short-term investments resulting in fair value losses.

Finance Costs decreased from $4.0 million in Q3 2007 to $2.6 million due to lower interest rates in Q3 2008.

Operating Profit increased from $6.3 million in Q3 2007 to $7.3 million in Q3 2008. Income tax expense in Q3 2008 was $2.5 million (241%) higher in line with higher operating profits and non availability of losses from foreign subsidiaries for set-off against profitable companies within the group.

The Share of Results from Equity-Accounted Associates in Q3 2008 decreased by $3.6 million from $4.5 million in Q3 2007 to $0.9 million 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.

9 months 2008 compared with 9 months 2007 Performance

For the **9 months ended 30 September 2008,** Revenue increased $19.1 million (5%) to $418.0 million from $398.9 million in 2007. Gross Profit rose $21.7 million (27%) to $102.3 million due to the finalisation of numerous projects in the E&C Division and progressive recognition of the profit from the sale of *The Rochester*. Gross Profit percentage increased to 24.5% compared with 20.2% for the 9 months ended 30 September 2007.

Other Income decreased $24.0 million (90%) from $26.7 million in the 9 months ended 30 September 2007 to $2.8 million in 2008 due to fair value gains and gains from partial divestment of the Group's short-term investments and investment properties in 2007. Other Expenses increased by $21.9 million (176%) to $34.4 million, compared with $12.5 million in 2007 mainly due to (1) provision for compensation cost for the Fusionopolis project (2) fair value losses relating to the Group's short-term investments of $6.7 million and (3) translation losses of $3.0 million and a fair value charge of $5.0 million ($2.3 million after minority interest) against AHUP arising from the stronger Singapore dollar in 2008 compared to the end of 2007.

Finance Costs decreased from $13.4 million in 2007 to $8.2 million due to lower interest rates in 2008.

As a result, Operating Profit decreased by $22.5 million from $32.6 million in the 9 months ended 30 September 2007 to $10.1 million in the 9 months ended 30 September 2008. Income tax expense for the 9 months ended 30 September 2008 was lower due to utilisation of group tax relief in 2008. However, the effective tax rate for 2008 was higher than that for 2007 due to divestment gains in 2007 not subject to tax.

The Share of Results from Equity-Accounted Associates declined $10.0 million (90%) to $1.2 million for the 9 months ended 30 September 2008 due to the cessation of contribution from AHUP.

Attributable Profit

The Group's **attributable profit** for **Q3 2008** was $1.9 million compared to $7.4 million in Q3 2007. For the **9 months ended 30 September 2008**, the attributable profit was $10.6 million compared to $34.2 million for the 9 months ended 30 September 2007.

Earnings per ordinary stock unit (EPS) decreased to 0.8 cents compared to 3.4 cents in Q3 2007. EPS for the period ended 30 September 2008 and 30 September 2007 were 4.8 cents and 15.6 cents respectively.

Net asset per ordinary stock unit stood at $3.46 as at 30 September 2008 compared with $3.55 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. The revenue of $96.6 million for Q3 2008 was $4.0 million or 4% higher than that for Q3 2007. Gross profit percentage also improved over that in Q3 2007. For the 9 months ended 30 September 2008, gross profit percentage was higher than the corresponding period for 2007, despite a reduction in revenue of $11.8 million (4%) to $291.0 million. The E&C Division recorded an operating loss of $4.3 million in Q3 2008 and $2.8 million for the 9 months ended 30 September 2008 mainly due to provision for compensation cost for the Fusionopolis project and fair value loss on short-term investments. It recorded an operating profit of $1.9 million in Q3 2007 and $34.3 million for the 9 months ended 30 September 2007 (which included fair value gain and gains from partial divestment of short-term investments and investment properties).

The **Integrated Facility Management (IFM) Division** (including property development) increased its revenue by $11.5 million (32%) to $47.9 million in Q3 2008 and $36.9 million (37%) to $135.8 million for the 9 months ended 30 September 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 $1.8 million (21%) in Q3 2008 and $14.6 million (96%) for the 9 months ended 30 September 2008.

Cash Flow and Balance Sheet Review

In the 9 months ended 30 September 2008, the Group obtained financing of $186 million and incurred development expenditure of $266 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 $24 million to an associated company and received sale proceeds of $10 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 and 30 June 2008 to 30 September 2008 were due to 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) was 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. Negotiations for compensation costs are currently in progress.

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 $900 million, the Group will continue to execute several large building and infrastructure projects in Singapore and the region over the next quarter and 12 months. Maintaining current high gross margins will be a challenge although the outlook is for lower building material and energy costs. Interest rates are also expected to be lower as governments try to increase liquidity in this global credit crunch.

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 <u>If no dividend has been declared/recommended, a statement to that effect</u>

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
10 November 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 Q3 2008 and period ended 30 September 2008 financial results to be false or misleading.

On behalf of the Board,

....	....
TAN NGIAP JOO	JACKSON CHEVALIER YAP KIT SIONG
Chairman	Group Managing Director and
	Chief Executive Officer