

Q2 2011 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		
	30/6/2011	30/6/2010 (Restated) ¹	Change %	30/6/2011	30/6/2010 (Restated) ¹	Change %
	\$000	\$000	%	\$000	\$000	%
Revenue*	160,034	184,855	(13)	366,427	354,708	3
Cost of sales	(98,470)	(128,297)	(23)	(245,652)	(251,438)	(2)
Gross profit	61,564	56,558	9	120,775	103,270	17
Other items of income						
Interest income	483	798	(40)	948	1,567	(40)
Other income	3,101	444	598	3,807	3,978	(4)
Other items of expense						
Distribution costs	(3,497)	(2,675)	31	(6,396)	(5,330)	20
Administrative expenses	(15,108)	(21,071)	(28)	(32,986)	(38,534)	(14)
Finance costs	(3,185)	(1,821)	75	(4,423)	(2,991)	48
Other expenses	(3,094)	(5,029)	(38)	(10,917)	(7,508)	45
Operating profit	40,264	27,204	48	70,808	54,452	30
Share of profit from equity- accounted associates and joint ventures	1,316	3,235	(59)	2,288	3,482	(34)
Profit before tax	41,580	30,439	37	73,096	57,934	26
Income tax expense	(5,169)	(5,952)	(13)	(12,025)	(13,106)	(8)
Profit net of tax	36,411	24,487	49	61,071	44,828	36
Profit attributable to owners of the parent, net of tax	33,382	24,084	39	55,523	42,991	29
Profit attributable to non- controlling interests, net of tax	3,029	403	652	5,548	1,837	202
	36,411	24,487	49	61,071	44,828	36
Earnings per stock unit (cents)						
Earnings per stock (basic)	12.1¢	9.3¢		20.4¢	16.7¢	
Earnings per stock (diluted)	10.6¢	7.7¢		17.8¢	13.9¢	

¹ The 2010 comparative figures have been restated to take into account the retrospective adjustments arising from the adoption of INT FRS 115 - *Agreements for the Construction of Real Estate* as detailed in section 5 of this announcement.

1(a)(i) Note to income statement:

	Group					
	3 months ended			6 months ended		
	30/6/2011	30/6/2010 (Restated) ¹	Change	30/6/2011	30/6/2010 (Restated) ¹	Change
	\$000	\$000	%	\$000	\$000	%
* Revenue comprises:						
Sales of goods	4,930	5,244	(6)	12,013	9,866	22
Sales of properties held for sale	62,689	84,825	(26)	157,527	155,308	1
Rendering of services	21,602	22,419	(4)	44,317	44,828	(1)
Revenue from construction contracts	52,380	49,570	6	115,923	102,294	13
Rental income	18,237	20,937	(13)	36,221	40,499	(11)
Dividend income	196	1,860	(89)	426	1,913	(78)
Total revenue	160,034	184,855	(13)	366,427	354,708	3

1(a)(ii) Other information:

	Group			
	3 months ended		6 months ended	
	30/6/2011	30/6/2010	30/6/2011	30/6/2010
	\$000	\$000	\$000	\$000
Depreciation and amortisation	(2,507)	(2,113)	(4,970)	(4,358)
Foreign exchange (loss)/gain	(2,460)	(53)	(3,927)	3,097
Gain on disposal of investment properties	2,500	-	2,500	-
Loss on held for trading investments	(265)	(835)	(1,103)	(1,035)
Over/(under) provision of prior years tax	2,800	-	2,800	(2,800)

1(a)(iii) Statement of comprehensive income for the second quarter ended:

	Group			
	3 months ended		6 months ended	
	30/6/2011	30/6/2010 (Restated) ¹	30/6/2011	30/6/2010 (Restated) ¹
	\$000	\$000	\$000	\$000
Profit net of tax for the period	36,411	24,487	61,071	44,828
Other comprehensive income				
(Losses)/gains on exchange differences on translation, net of tax	(695)	236	751	98
Losses on remeasuring available-for-sale investments, net of tax	(1,708)	(621)	(2,175)	(776)
Share of other comprehensive income from equity-accounted associates, net of tax	(11,472)	(1,358)	(8,766)	(5,749)
Gains on cash flow hedges, net of tax	197	29	378	59
Other comprehensive income for the period, net of tax	(13,678)	(1,714)	(9,812)	(6,368)
Total comprehensive income for the period	22,733	22,773	51,259	38,460
Total comprehensive income attributable to owners of the parent	19,939	22,305	45,736	36,820
Total comprehensive income attributable to non-controlling interests	2,794	468	5,523	1,640
	22,733	22,773	51,259	38,460

1(b)(i) Statements of financial position

	Group			Company	
	30/6/2011	31/12/2010 (Restated) ¹	01/01/2010 (Restated) ¹	30/6/2011	31/12/2010
	\$000	\$000	\$000	\$000	\$000
ASSETS					
Non-current assets					
Property, plant and equipment	74,736	72,434	42,350	28,600	28,809
Investment properties	1,107,633	1,057,395	912,978	666,414	665,000
Intangible assets	23,444	26,270	25,867	-	-
Investments in subsidiaries	-	-	-	503,417	356,830
Investments in associates	47,755	55,640	63,725	315	315
Investments in joint ventures	37,934	36,573	41,520	-	-
Deferred tax assets	687	687	2,328	-	-
Trade and other receivables	25,516	20,213	30,030	-	-
Other investments	7,011	6,786	6,667	6,911	6,686
Total non-current assets	1,324,716	1,275,998	1,125,465	1,205,657	1,057,640
Current assets					
Inventories	8,885	7,053	7,999	-	-
Income tax receivables	131	1,855	4,248	-	-
Trade and other receivables	143,693	149,915	162,154	38,945	34,321
Other investments	11,630	14,906	16,721	-	-
Gross amount due from customers for contract work	13,419	33,763	36,202	-	-
Prepayments	1,947	2,806	3,203	18	67
Properties held for sale	725,315	566,956	229,813	-	-
Bank balances and deposits	306,245	266,625	318,192	35,658	59,072
Total current assets	1,211,265	1,043,879	778,532	74,621	93,460
Total assets	2,535,981	2,319,877	1,903,997	1,280,278	1,151,100
EQUITY AND LIABILITIES					
Equity					
Share capital	293,011	273,902	266,466	293,011	273,902
Retained earnings	667,592	639,717	524,094	485,016	453,580
Other reserves	49,446	55,217	59,858	23,949	23,397
Equity attributable to owners of the parent	1,010,049	968,836	850,418	801,976	750,879
Non-controlling interests	34,048	403	5,539	-	-
Total equity	1,044,097	969,239	855,957	801,976	750,879
Non-current liabilities					
Deferred tax liabilities	35,900	29,171	15,830	923	1,442
Trade and other payables	19,949	13,607	24,434	-	-
Borrowings	316,638	472,294	423,625	63,741	74,222
Total non-current liabilities	372,487	515,072	463,889	64,664	75,664
Current liabilities					
Provisions	2,916	3,110	3,852	-	-
Income tax payable	18,705	26,149	14,871	6,945	12,310
Trade and other payables	306,750	311,633	217,217	12,754	19,434
Borrowings	759,655	468,090	340,017	393,939	292,813
Gross amount due to customers for contract work	31,371	26,584	8,194	-	-
Total current liabilities	1,119,397	835,566	584,151	413,638	324,557
Total liabilities	1,491,884	1,350,638	1,048,040	478,302	400,221
Total equity and liabilities	2,535,981	2,319,877	1,903,997	1,280,278	1,151,100

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 30/6/2011		As at 31/12/2010	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
294,661	464,994	110,112	357,978

(b) Amount repayable after one year

As at 30/6/2011		As at 31/12/2010	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
258,165	58,473	396,184	76,110

(c) Details of any collaterals

Property, plant & equipment and investment properties under construction with book value of \$2,091,000 (31 December 2010: \$2,301,000) and \$405,590,000 (31 December 2010: \$342,772,000) respectively have been mortgaged to secure borrowings and term loan facilities of certain subsidiaries. Properties held for sale amounting to \$983,728,000 (31 December 2010: \$911,405,000, restated¹) have also been mortgaged to secure term loan facilities of certain subsidiaries. A term loan facility of the Company was secured by a first fixed charge of 100% shareholding in a wholly owned subsidiary, UE Orchard Pte Ltd as well as assignments of the shareholder's loans, insurances, development documents, project documents and bank accounts.

1(c) Statement of cash flows

	Group			
	3 months ended		6 months ended	
	30/6/2011	30/6/2010 (Restated) ¹	30/6/2011	30/6/2010 (Restated) ¹
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	41,580	30,439	73,096	57,934
Depreciation of property, plant and equipment	2,305	1,871	4,531	3,877
Interest income	(483)	(798)	(948)	(1,567)
Finance costs	3,185	1,821	4,423	2,991
Amortisation of intangible assets	202	242	439	481
Currency Realignment	(3,068)	(140)	(5,016)	2,755
Dividend income from investment securities	(196)	(1,860)	(426)	(1,913)
Equity share options issued	-	49	-	125
Gain on disposal of investment properties	(2,500)	-	(2,500)	-
Gain on disposal of property, plant and equipment	(351)	-	(435)	(212)
Impairment loss on intangible assets	-	300	-	300
Loss on held for trading investments	265	835	1,103	1,035
Impairment loss/(reversal of impairment loss) on property, plant and equipment	-	460	-	(947)
Impairment loss on properties held for sale	-	-	1,129	-
Inventories written-down	32	-	41	10
Share of profit from equity-accounted associates and joint ventures	(1,316)	(3,235)	(2,288)	(3,482)
Unrealised exchange loss/(gain)	2,291	42	3,703	(2,372)
Operating cash flows before changes in working capital	41,946	30,026	76,852	59,015
Changes in working capital				
Properties held for sale				
- Development expenditure	(207,136)	(67,332)	(247,436)	(118,730)
- Proceeds from progress billings	31,680	29,544	92,868	58,452
(Decrease)/increase in trade and other payables and provisions	(4,283)	16,836	(5,923)	15,381
Decrease/(increase) in trade and other receivables	3,495	(38,620)	8,064	(22,972)
Decrease in gross amount due from customers for contract work	11,919	2,662	20,970	12,476
Increase/(decrease) in gross amount due to customers for contract work	(1,759)	6,985	4,787	19,971
Increase in inventories	(955)	(1,168)	(2,005)	(1,072)
Cash flows (used in)/from operations	(125,093)	(21,067)	(51,823)	22,521
Income taxes paid	(8,174)	(4,760)	(11,291)	(4,964)
Interest paid	(1,184)	(4,788)	(4,697)	(7,532)
Interest received	480	797	973	1,578
Net cash flows (used in)/from operating activities	(133,971)	(29,818)	(66,838)	11,603

1(c) Statement of cash flows (continued)

	Group			
	3 months ended		6 months ended	
	30/6/2011	30/6/2010 (Restated) ¹	30/6/2011	30/6/2010 (Restated) ¹
	\$000	\$000	\$000	\$000
Cash flows from investing activities				
Acquisition of intangible assets	(603)	(1,215)	(989)	(2,755)
Capital and development expenditure	(34,161)	(15,755)	(69,009)	(63,063)
(Increase)/decrease in amounts due from associates and joint ventures	(300)	(508)	86	(1,241)
Increase in loans to joint ventures	–	(4,200)	–	(6,400)
Dividends received from investment securities	196	1,860	426	1,913
Proceeds from disposal of property, plant and equipment	1,628	165	2,559	4,130
Proceeds from disposal of investment properties	11,052	3,500	12,470	3,500
Net cash flows used in investing activities	(22,188)	(16,153)	(54,457)	(63,916)
Cash flows from financing activities				
Decrease in trust receipts and bills payable	(1,037)	(128)	(107)	(1,805)
Dividends paid	(27,649)	(23,345)	(27,648)	(23,345)
Dividends paid to non-controlling interests of subsidiaries	–	–	–	(3,300)
Increase in short-term loans	142,383	18,420	142,982	7,356
Issuance of shares upon exercise of share options	238	270	558	270
Net proceeds from dilution of interests in subsidiaries	–	–	31,937	–
Proceeds from long-term loans	39,090	15,394	77,033	53,597
Repayment of long-term loans	(30,331)	(1,250)	(61,355)	(16,442)
Net cash flows from financing activities	122,694	9,361	163,400	16,331
Net (decrease)/increase in cash and cash equivalents	(33,465)	(36,610)	42,105	(35,982)
Cash and cash equivalents, beginning balance	328,559	308,513	252,989	307,885
Cash and cash equivalents, ending balance	295,094	271,903	295,094	271,903
Cash and cash equivalents comprise:				
Bank balances and deposits	306,245	289,149	306,245	289,149
Bank overdrafts	(11,151)	(17,246)	(11,151)	(17,246)
Cash and cash equivalents	295,094	271,903	295,094	271,903

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

The Group

Attributable to owners of the parent

	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2011, as previously reported	1,043,929	1,043,526	273,902	714,407	42,354	4,081	(8,317)	17,099	403
Effect of adopting INT FRS 115	(74,690)	(74,690)	-	(74,690)	-	-	-	-	-
Opening balance at 1/1/2011, restated	969,239	968,836	273,902	639,717	42,354	4,081	(8,317)	17,099	403
Profit for the period, restated	24,660	22,141	-	22,141	-	-	-	-	2,519
Other comprehensive income for the period	3,866	3,656	-	-	2,239	-	1,236	181	210
Total comprehensive income for the period	28,526	25,797	-	22,141	2,239	-	1,236	181	2,729
Contributions by and distributions to owners									
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	10,345	10,345	10,345	-	-	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	320	320	320	-	-	-	-	-	-
Equity portion of convertible bonds	112	112	-	-	-	-	-	112	-
Total contributions by and distributions to owners in their capacity as owners	10,777	10,777	10,665	-	-	-	-	112	-
Changes in ownership interests in subsidiaries									
Dilution of interests in subsidiaries	31,937	3,815	-	-	-	-	-	3,815	28,122
Total changes in ownership interests in subsidiaries	31,937	3,815	-	-	-	-	-	3,815	28,122
Total transactions with owners in their capacity as owners	42,714	14,592	10,665	-	-	-	-	3,927	28,122
Closing balance at 31/3/2011, restated	1,040,479	1,009,225	284,567	661,858	44,593	4,081	(7,081)	21,207	31,254
Profit for the period	36,411	33,382	-	33,382	-	-	-	-	3,029
Other comprehensive income for the period	(13,678)	(13,443)	-	-	(13,178)	-	(460)	195	(235)
Total comprehensive income for the period	22,733	19,939	-	33,382	(13,178)	-	(460)	195	2,794

1(d)(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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Contributions by and distributions to owners									
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	8,206	8,206	8,206	-	-	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	238	238	238	-	-	-	-	-	-
Equity portion of convertible bonds	89	89	-	-	-	-	-	89	-
Dividends paid	(27,648)	(27,648)	-	(27,648)	-	-	-	-	-
Total transactions with owners in their capacity as owners	(19,115)	(19,115)	8,444	(27,648)	-	-	-	89	-
Closing balance at 30/6/2011	1,044,097	1,010,049	293,011	667,592	31,415	4,081	(7,541)	21,491	34,048
Opening balance at 1/1/2010, as previously reported	883,464	877,925	266,466	551,601	51,537	3,956	(8,830)	13,195	5,539
Effect of adopting INT FRS 115	(27,507)	(27,507)	-	(27,507)	-	-	-	-	-
Opening balance at 1/1/2010, restated	855,957	850,418	266,466	524,094	51,537	3,956	(8,830)	13,195	5,539
Profit for the period, restated	20,341	18,907	-	18,907	-	-	-	-	1,434
Other comprehensive income for the period	(4,654)	(4,392)	-	-	(4,546)	-	124	30	(262)
Total comprehensive income for the period	15,687	14,515	-	18,907	(4,546)	-	124	30	1,172
Contributions by and distributions to owners									
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)
Total transactions with owners in their capacity as owners	(908)	2,392	2,316	-	-	76	-	-	(3,300)
Closing balance at 31/3/2010, restated	870,736	867,325	268,782	543,001	46,991	4,032	(8,706)	13,225	3,411
Profit for the period, restated	24,487	24,084	-	24,084	-	-	-	-	403
Other comprehensive income for the period	(1,714)	(1,779)	-	-	(1,979)	-	171	29	65
Total comprehensive income for the period	22,773	22,305	-	24,084	(1,979)	-	171	29	468

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

The Group

Attributable to owners of the parent

	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
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Contributions by and distributions to owners									
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	1,838	1,838	1,838	-	-	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	270	270	270	-	-	-	-	-	-
Equity share options issued	49	49	-	-	-	49	-	-	-
Dividends paid	(23,345)	(23,345)	-	(23,345)	-	-	-	-	-
Total contributions by and distributions to owners in their capacity as owners	(21,188)	(21,188)	2,108	(23,345)	-	49	-	-	-
Changes in ownership interests in subsidiaries									
Movement in non-controlling interests arising from increase in shareholding of a subsidiary	274	-	-	-	-	-	-	-	274
Total changes in ownership interests in subsidiaries	274	-	-	-	-	-	-	-	274
Total transactions with owners in their capacity as owners	(20,914)	(21,188)	2,108	(23,345)	-	49	-	-	274
Closing balance at 30/6/2010, restated	872,595	868,442	270,890	543,740	45,012	4,081	(8,535)	13,254	4,153

1(d)(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 1/1/2011	750,879	273,902	453,580	5,091	4,081	14,225
Profit for the period	3,523	-	3,523	-	-	-
Total comprehensive income for the period	3,523	-	3,523	-	-	-
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	10,345	10,345	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	320	320	-	-	-	-
Equity portion of convertible bonds	112	-	-	-	-	112
Total transactions with owners in their capacity as owners	10,777	10,665	-	-	-	112
Closing balance at 31/3/2011	765,179	284,567	457,103	5,091	4,081	14,337
Profit for the period	55,561	-	55,561	-	-	-
Other comprehensive income for the period	351	-	-	351	-	-
Total comprehensive income for the period	55,912	-	55,561	351	-	-
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	8,206	8,206	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	238	238	-	-	-	-
Equity portion of convertible bonds	89	-	-	-	-	89
Dividends paid	(27,648)	-	(27,648)	-	-	-
Total transactions with owners in their capacity as owners	(19,115)	8,444	(27,648)	-	-	89
Closing balance at 30/6/2011	801,976	293,011	485,016	5,442	4,081	14,426
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	-	-	-
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	2,316	2,316	-	-	-	-
Equity share options issued	76	-	-	-	76	-
Total transactions with owners in their capacity as owners	2,392	2,316	-	-	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	-	-	-
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	1,838	1,838	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	270	270	-	-	-	-
Equity share options issued	49	-	-	-	49	-
Dividends paid	(23,345)	-	(23,345)	-	-	-
Total transactions with owners in their capacity as owners	(21,188)	2,108	(23,345)	-	49	-
Closing balance at 30/6/2010	720,025	270,890	425,656	5,279	4,081	14,119

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

During Q2 2011, the Company issued 6,751,003 ordinary shares on conversion of \$9,046,354 convertible bonds and 181,000 ordinary shares arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the six months, the Company issued 15,326,109 ordinary shares on conversion of \$20,537,019 convertible bonds and 396,700 ordinary shares arising from the exercising of the options under the Scheme 2000.

As at 30 June 2011, there were 5,506,250 (30 June 2010: 6,222,850) unexercised options for ordinary shares under Scheme 2000 and \$58,755,512 (30 June 2010: \$82,621,730) convertible bonds which are convertible into 43,847,397 (30 June 2010: 61,658,007) shares at the conversion price of \$1.34 per share.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 June 2011, the Company's issued and paid-up ordinary share capital excluding treasury shares was 277,771,334 ordinary stock units (31 December 2010: 262,048,525).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

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)

Not applicable.

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

Other than as mentioned in section 5 regarding the adoption of new and revised 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 to the most recently audited annual financial statements as at 31 December 2010.

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.

The Group adopted the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual financial periods beginning on or after 1 January 2011.

The following are the new or amended FRS/INT FRS that are relevant to the Group:

Revised FRS 24 Related Party Disclosures
INT FRS 115 Agreements for the Construction of Real Estate
Improvements to the FRSs issued in 2010

The adoption of these new/revised FRS and INT FRS did not result in any significant impact on the financial statements of the Group, except for INT FRS 115 - Agreements for the Construction of Real Estate.

INT FRS 115 Agreements for the Construction of Real Estate

On 26 August 2010, the Accounting Standards Council ("ASC") issued INT FRS 115 with an accompanying note that explains the application of the Interpretation to property development sales in Singapore by considering the Singapore legal framework. INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that such contracts which are not classified as construction contracts in accordance with FRS 11 Construction Contracts can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Following the implementation of INT FRS 115 and its accompanying note with effect from 1 January 2011, the Group has adopted the completion of construction ("COC") method to account for its overseas property development projects after taking into consideration the legal framework and industry practices in those countries in which the Group operates. For Singapore property development projects (under progressive payment scheme and deferred payment scheme ("DPS")), the Group has applied the POC method in the First Quarter 2011 Financial Statements.

The ASC, after noting the divergence in practice among the real estate companies in Singapore with regard to the accounting for sales of residential properties in Singapore made under DPS, has issued a clarification note on 7 June 2011 to highlight that the accompanying note does not address the accounting treatment for sales under DPS. Accordingly, the Group has reviewed the accounting treatment in relation to the sales of residential properties under DPS and decided that it would be appropriate for residential units sold under DPS in Singapore to be accounted for using the COC method. Construction is deemed to be completed upon obtaining Temporary Occupation Permit.

Impact on the Comparatives for the Second Quarter 2011 Financial Statements:

The Second Quarter 2011 Financial Statements have been prepared to take into account the effects of implementation of INT FRS 115 as described in the preceding paragraphs. This change in accounting policy has been applied retrospectively. Accordingly, the 2010 comparatives have been restated.

The effects on the comparatives arising from the adoption of INT FRS 115, subject to year-end audit, as follows:

Income statement

Group	3 months ended 30/6/2010 \$000	6 months ended 30/6/2010 \$000
Decrease in revenue	(37,984)	(64,069)
Decrease in cost of sales	22,772	38,358
Increase in share of profit from equity- accounted associates and joint ventures	2,421	1,890
Decrease in income tax expense	2,586	4,371
Decrease in profit for the period	(10,205)	(19,450)
Decrease in earnings per stock (basic)	(3.9¢)	(7.5¢)
Decrease in earnings per stock (diluted)	(3.2¢)	(6.0¢)

Statement of Financial Position

Group	31/12/2010 \$000	31/12/2009 \$000
Decrease in joint ventures	-	(1,890)
Decrease in properties held for sale	(90,120)	(30,997)
Decrease in retained earnings	(74,690)	(27,507)
Decrease in deferred tax liabilities	(15,430)	(5,380)

Summary of Impact on the First Quarter 2011 Financial Statements:

With the change in the accounting treatment for residential properties sold under DPS in Singapore, a summary of impact on the First Quarter 2011 Financial Statements showing the key differences are as follows:

Income statement

Group	3 months ended			3 months ended		
	31/3/2011 (Restated) ¹	31/3/2011 (Previously reported)	Change	31/3/2010 (Restated) ¹	31/3/2010 (Previously reported)	Change
	\$000	\$000	\$000	\$000	\$000	\$000
Revenue	206,393	229,632	(23,239)	169,853	195,938	(26,085)
Cost of sales	(147,182)	(161,089)	(13,907)	(123,141)	(138,727)	(15,586)
Share of profit from equity- accounted associates and joint ventures	-	-	-	247	778	(531)
Income tax expense	(6,856)	(8,442)	(1,586)	(7,154)	(8,939)	(1,785)
Profit after taxation	24,660	32,407	(7,747)	20,341	29,586	(9,245)
Profit attributable to owners of the parent, net of tax	22,141	29,888	(7,747)	18,907	28,152	(9,245)
Earnings per stock (basic)	8.3¢	11.2¢	(2.9¢)	7.4¢	11.0¢	(3.4¢)
Earnings per stock (diluted)	7.1¢	9.5¢	(2.4¢)	5.9¢	9.0¢	(2.9¢)

Statement of financial position

Group	31/3/2011	31/3/2011	Change	31/12/2010	31/12/2010	Change
	(Restated) ¹	(Previously reported)		(Restated) ¹	(Previously reported)	
	\$000	\$000	\$000	\$000	\$000	\$000
Properties held for sale	549,763	649,216	(99,453)	566,956	657,076	(90,120)
Retained earnings	661,858	744,295	(82,437)	639,717	714,407	(74,690)
Deferred tax liabilities	31,168	48,185	(17,017)	29,171	44,601	(15,430)

6 Earnings per stock unit (cents)

	3 months ended		6 months ended	
	30/6/2011	30/6/2010 (Restated) ¹	30/6/2011	30/6/2010 (Restated) ¹
(a) Basic*:	12.1¢	9.3¢	20.4¢	16.7¢
(b) Diluted**:	10.6¢	7.7¢	17.8¢	13.9¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	276,416,686	258,938,625	272,113,676	257,738,032
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	<u>321,244,556</u>	<u>321,889,216</u>	<u>317,085,367</u>	<u>320,454,127</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	
	30/6/2011	31/12/2010 (Restated) ¹	30/6/2011	31/12/2010
Net asset per ordinary stock unit based on the total number of issued shares	<u>\$3.64</u>	<u>\$3.70</u>	<u>\$2.89</u>	<u>\$2.87</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 Property Development, Property Rental & Services and Engineering & Construction.

Q2 2011 compared with Q2 2010 performance

Revenue decreased 13% from \$184.9 million to \$160.0 million mainly due to lower progressive recognition of revenue from property sales at *Park Central @ AMK* and *The Rochester*. Despite the lower revenue, Gross profit rose 9% to \$61.6 million from \$56.6 million. Gross profit percentage improved to 38.5% compared with 30.6% in Q2 2010.

Other income increased nearly 600% to \$3.1 million from \$0.4 million in Q2 2010 mainly due to the gain on disposal of investment properties at Tanjong Pagar in Q2 2011.

Administrative expenses decreased 28% to \$15.1 million from \$21.0 million in Q2 2010 mainly due to the write-back of excess provision for FY2010 staff costs in Q2 2011.

Finance costs increased 75% from \$1.8 million in Q2 2010 to \$3.2 million mainly due to higher borrowings used to finance working capital in Q2 2011.

Despite foreign exchange loss incurred in Q2 2011, other expenses decreased 38% to \$3.1 million from \$5.0 million in Q2 2010 mainly due to the absence of provision for project costs over-run and lower fair value losses from short-term investments in Q2 2011.

Income tax expense decreased 13% to \$5.2 million from \$6.0 million in Q2 2010 mainly due to write-back of overprovision for prior years' income tax.

H1 2011 compared with H1 2010 performance

Revenue increased 3% to \$366.4 million from \$354.7 million mainly due to the sale of the remaining 58 units in *UE Print Media Hub*, which was partially offset by lower progressive recognition of revenue from property sales at *Park Central @ AMK* and *The Rochester*. Arising from the increased revenue, Gross profit rose 17% to \$120.8 million from \$103.3 million. Gross profit percentage improved to 33.0% compared with 29.1% in H1 2010.

Administrative expenses decreased 14% to \$33.0 million from \$38.5 million in H1 2010 mainly due to the write-back of excess provision for FY2010 staff costs in H1 2011.

Finance costs increased 48% to \$4.4 million from \$3.0 million in H1 2010 mainly due to higher borrowings used to finance working capital in H1 2011.

Other expenses increased 45% from \$7.5 million in H1 2010 to \$10.9 million mainly due to foreign exchange loss in H1 2011.

Income tax expense decreased 8% from \$13.1 million in H1 2010 to \$12.0 million mainly due to the write-back of overprovision for prior years' income tax in H1 2011.

Attributable Profit

The Group's attributable profit increased to \$33.4 million in Q2 2011 compared with \$24.1 million in Q2 2010. For H1 2011 attributable profit was \$55.5 million compared with \$43.0 million in H1 2010.

Earnings per ordinary stock unit (EPS) increased to 12.1 cents compared with 9.3 cents in Q2 2010. EPS for the half-year ended 30 June 2011 and 30 June 2010 were 20.4 cents and 16.7 cents respectively.

Net asset per ordinary stock unit stood at \$3.64 as at 30 June 2011 compared with \$3.70 as at 31 December 2010.

Segment Review

In the **Property Development Segment**, revenue decreased 27% to \$62.9 million in Q2 2011 due to lower progressive recognition of revenue from the property sales at *Park Central @ AMK* and *The Rochester*. Revenue increased marginally to \$158.4 million in H1 2011 from \$158.0 million in H1 2010 mainly due to the sale of the remaining 58 units in *UE Print Media Hub*, which was partially offset by the lower progressive recognition of property sales at *Park Central @ AMK* and *The Rochester*. Operating profit before interest increased 38% to \$28.0 million in Q2 2011 and 40% to \$49.0 million in H1 2011.

In the **Property Rental & Services Segment**, revenue decreased 5% to \$35.3 million in Q2 2011 and 1% to \$72.2 million in H1 2011 mainly due to lower rental contributions arising from the sale of the remaining 58 units in *UE Print Media Hub*, which was partially offset by new rental contribution from *UE BizHub CENTRAL*. Operating profit before interest increased 24% to \$8.2 million in Q2 2011 and 3% to \$16.0 million in H1 2011.

In the **Engineering & Construction Segment**, revenue decreased 2% to \$91.6 million in Q2 2011 and increased 8% to \$197.4 million in H1 2011 mainly due to the completion of projects. Operating profit before interest increased 149% to \$7.2 million in Q2 2011 and 53% to \$12.5 million in H1 2011.

Cash Flow and Financial Position Review

As at 30 June 2011, the Group had cash and cash equivalents of \$295 million. As of June 2011, the Group incurred total development expenditure of \$313 million for the mixed development (including the condominium *The Rochester*) at one-north, *Park Central @ AMK* at Ang Mo Kio Street 52, *UE BizHub East* at Changi Business Park, *Austville Residences* at Sengkang East Avenue/Buangkok Drive, Bendemeer Road/Whampoa East condominium project and the mixed development at 277 Orchard Road. Together with the net cash proceeds of \$31.9 million from the listing of UE E&C Ltd., overall net increase in cash and cash equivalents was \$42.1 million in H1 2011. Apart from the above, the Group's components of cash flow and financial position and changes in these components from 31 December 2010 to 30 June 2011 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.

Not applicable.

- 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.

The Group performance may be affected by the current global economic uncertainties arising from the sovereign debt issues in the developed economies. Nonetheless, the Group will adopt a cautious approach to execute and bid for building, engineering and infrastructure projects over the next 12 months.

- 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

Not applicable.

- (d) Books closure date

Not applicable.

- 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

Heng Fook Pyng

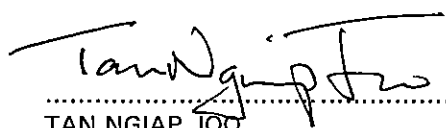
Secretary

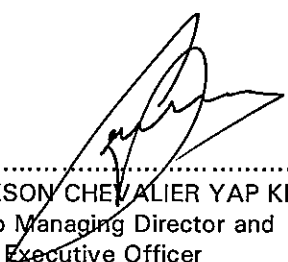
11 August 2011

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 2011 and half year 2011 financial results to be false or misleading in any material respect.

On behalf of the Board,


.....
TAN NGIAP JOO
Chairman


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