UNITED ENGINEERS LIMITED
(Company Registration No. 191200018G)

Q2 2014 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

	Group					
	3 months ended			6 months ended		
	30/6/2014	30/6/2013[1]	Change	**30/6/2014**	30/6/2013[1]	Change
	$000	$000	(%)	**$000**	$000	(%)
Revenue	**1,218,165**	303,393	302	**1,958,055**	439,976	345
Cost of sales	**(1,060,415)**	(243,691)	335	**(1,721,251)**	(338,859)	408
Gross profit	**157,750**	59,702	164	**236,804**	101,117	134
Other items of income						
Interest income	**1,882**	2,092	(10)	**3,564**	3,369	6
Other income	**4,991**	31,619	(84)	**29,964**	34,410	(13)
Other items of expense						
Distribution costs	**(29,340)**	(14,075)	109	**(59,715)**	(17,304)	245
Administrative expenses	**(47,178)**	(34,693)	36	**(94,078)**	(60,325)	56
Finance costs	**(11,853)**	(8,251)	44	**(23,278)**	(12,936)	80
Other expenses	**(12,810)**	(8,424)	52	**(18,954)**	(10,280)	84
Operating profit	**63,442**	27,970	127	**74,307**	38,051	95
Share of (loss)/profit from equity-accounted associates and joint ventures	**(1,400)**	1,634	NM	**(859)**	3,435	NM
Profit before tax	**62,042**	29,604	110	**73,448**	41,486	77
Income tax expense	**(19,698)**	(6,254)	215	**(40,513)**	(8,799)	360
Profit net of tax	**42,344**	23,350	81	**32,935**	32,687	1
Attributable to:						
Owners of the Company	**40,794**	15,411	165	**48,462**	22,855	112
Non-controlling interests	**1,550**	7,939	(80)	**(15,527)**	9,832	NM
	42,344	23,350	81	**32,935**	32,687	1
Earnings per stock unit (cents)						
Basic	**6.4**	4.1*		**7.6**	6.1*	
Diluted	**6.4**	3.9*		**7.6**	5.9*	

NM: Not meaningful

[1] Include contribution from WBL Corporation Limited (WBL) and its subsidiaries (collectively WBL Group) for the month of June 2013 following the successful takeover offers for WBL which closed on 29 May 2013.

* Restated for the effect of the Rights Issue by the Company which was completed in September 2013.

1(a)(ii) Other information

	Group			
	3 months ended		6 months ended	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	$000	$000	**$000**	$000
Depreciation and amortisation	**(29,279)**	(12,296)	**(60,958)**	(16,775)
Foreign exchange gain/(loss)	**62**	699	**(621)**	1,468
Gain on disposal of property, plant and equipment	**423**	701	**1,725**	718
Gain on deemed disposal of investments arising from business combinations	**–**	21,415	**–**	21,415
Gain on disposal of a joint venture	**720**	–	**720**	–
Gain on disposal of held for trading investments	**–**	507	**–**	507
Gain on disposal of assets of disposal group classified as held for sale	**869**	–	**569**	–
Gain on fair value adjustment on held for trading investments	**4**	160	**40**	1,515
(Impairment loss)/reversal of impairment loss on property, plant and equipment[1]	**(2,154)**	–	**14,558**	–
(Inventories write-down)/reversal of inventories write-down	**(501)**	10	**(3,531)**	–
(Loss)/gain on re-measurement of a subsidiary reclassified as disposal group classified as held for sale[2]	**(111)**	–	**13,499**	–
(Loss)/gain on sale of subsidiaries[2]	**(69)**	3,020	**8,224**	3,020
Loss on liquidation of subsidiaries	**(3,355)**	–	**(3,901)**	–
Restructuring expenses[1]	**(1,760)**	–	**(19,140)**	–

Note:

(1) In February 2014, one of the subsidiaries of the Group, Multi-Fineline Electronix, Inc. (MFLEX) announced its restructuring plan designed to return the company to profitability. The restructuring expenses were incurred in connection with the restructuring plan and comprised mainly severance incurred for terminated employees, as announced by MFLEX in May 2014. These expenses were partially offset by a reversal of the impairment loss taken up by the Group in FY2013 on MFLEX's property, plant and equipment, so as to re-align with the impairment and restructuring charges as incurred and announced by MFLEX.

(2) These relate mainly to the disposal of 78% shareholding interest in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd (JWHY), which was announced in March 2014. The sale consideration and percentage of shareholding will be paid/transferred in three tranches. Following the disposal of the first tranche of 29.45% shareholding in JWHY, the remaining assets and liabilities of JWHY have been re-measured to fair value and reclassified to disposal group classified as held for sale.

1(a)(iii) Statement of comprehensive income

	Group			
	3 months ended		6 months ended	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	$000	$000	**$000**	$000
Profit net of tax for the period	**42,344**	23,350	**32,935**	32,687
Other comprehensive income				
Items that will not be reclassified to income statement:				
Remeasurements of defined benefit pension plans	**–**	–	**(2,737)**	–
Items that may be reclassified subsequently to income statement:				
(Losses)/gains on exchange differences on translation, net of tax	**(4,279)**	2,392	**(11,592)**	2,751
Gains/(losses) on remeasuring available-for-sale financial assets, net of tax	**743**	(185)	**446**	198
Share of other comprehensive income from equity-accounted associates, net of tax	**1,170**	1,036	**2,412**	(5,608)
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	**–**	(1,895)	**–**	(1,895)
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax	**–**	(19,520)	**–**	(19,520)
	(2,366)	(18,172)	**(8,734)**	(24,074)
Other comprehensive income for the period, net of tax	**(2,366)**	(18,172)	**(11,471)**	(24,074)
Total comprehensive income for the period	**39,978**	5,178	**21,464**	8,613
Attributable to:				
Owners of the Company	**38,995**	(3,732)	**40,701**	(2,251)
Non-controlling interests	**983**	8,910	**(19,237)**	10,864
	39,978	5,178	**21,464**	8,613

1(b)(i) Statements of financial position

	Group		Company	
	30/6/2014	31/12/2013	**30/6/2014**	31/12/2013
	$000	$000	**$000**	$000
ASSETS				
Non-current assets				
Property, plant and equipment	**752,755**	782,243	**23,642**	23,766
Investment properties	**1,852,508**	1,870,923	**675,000**	675,000
Intangible assets	**84,222**	86,938	**–**	–
Investments in subsidiaries	**–**	–	**1,713,022**	1,698,498
Investments in associates	**196,438**	195,059	**315**	315
Investments in joint ventures	**114,057**	114,565	**–**	–
Deferred tax assets	**41,434**	63,176	**–**	–
Other investments	**32,602**	32,274	**7,202**	7,202
Trade and other receivables	**9,574**	11,499	**–**	–
Total non-current assets	**3,083,590**	3,156,677	**2,419,181**	2,404,781
Current assets				
Inventories	**231,664**	303,099	**–**	–
Income tax receivables	**2,329**	2,614	**–**	–
Trade and other receivables	**566,954**	573,877	**39,293**	42,352
Other investments	**345**	305	**–**	–
Gross amount due from customers for contract work	**28,769**	23,953	**–**	–
Prepayments	**13,311**	15,601	**869**	1,285
Properties held for sale	**1,099,801**	1,609,536	**–**	–
Bank balances and deposits	**744,217**	905,399	**23,300**	38,399
	2,687,390	3,434,384	**63,462**	82,036
Assets of disposal group classified as held for sale[(1)]	**543,779**	349,174	**–**	–
Total current assets	**3,231,169**	3,783,558	**63,462**	82,036
Total assets	**6,314,759**	6,940,235	**2,482,643**	2,486,817
EQUITY AND LIABILITIES				
Equity				
Share capital	**806,661**	793,811	**806,661**	793,811
Treasury shares[(2)]	**(62,313)**	(62,313)	**–**	–
Retained earnings	**961,610**	943,447	**647,963**	657,678
Other reserves	**8,789**	36,715	**10,053**	24,705
Equity attributable to owners of the Company	**1,714,747**	1,711,660	**1,464,677**	1,476,194
Non-controlling interests	**639,334**	809,696	**–**	–
Total equity	**2,354,081**	2,521,356	**1,464,677**	1,476,194
Non-current liabilities				
Provisions	**77,171**	85,929	**–**	–
Deferred tax liabilities	**118,729**	116,184	**–**	68
Trade and other payables	**17,793**	15,493	**–**	–
Borrowings	**1,703,869**	1,769,209	**352,705**	354,341
Total non-current liabilities	**1,917,562**	1,986,815	**352,705**	354,409
Current liabilities				
Provisions	**20,976**	19,584	**–**	–
Income tax payable	**91,664**	114,333	**4,173**	4,580
Trade and other payables	**766,028**	1,114,435	**17,530**	20,412
Borrowings	**1,029,249**	1,113,067	**643,558**	631,222
Gross amount due to customers for contract work	**23,715**	20,059	**–**	–
	1,931,632	2,381,478	**665,261**	656,214
Liabilities of disposal group classified as held for sale[(1)]	**111,484**	50,586	**–**	–
Total current liabilities	**2,043,116**	2,432,064	**665,261**	656,214
Total liabilities	**3,960,678**	4,418,879	**1,017,966**	1,010,623
Total equity and liabilities	**6,314,759**	6,940,235	**2,482,643**	2,486,817

[(1)] Please refer to paragraph 8 for further details on the assets/liabilities of disposal group classified as held for sale.
[(2)] Please refer to paragraph 1d(ii) for further details on the treasury shares.

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 30/6/2014		As at 31/12/2013	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
403,951	625,298	501,295	611,772

(b) Amount repayable after one year

As at 30/6/2014		As at 31/12/2013	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
1,174,366	529,503	1,198,424	570,785

(c) Details of any collaterals

The borrowings are secured by fixed and floating charges over certain assets 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**	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	$000	$000	**$000**	$000
Cash flows from operating activities				
Profit before tax	**62,042**	29,604	**73,448**	41,486
Amortisation of intangible assets	**1,012**	349	**2,026**	614
Depreciation of property, plant and equipment	**28,267**	11,947	**58,932**	16,161
Dividend income from other investment	**(449)**	(458)	**(1,397)**	(629)
Finance costs	**11,853**	8,251	**23,278**	12,936
Fixed asset written-off	**582**	–	**582**	–
Gain on deemed disposal of investments arising from business combinations	**–**	(21,415)	**–**	(21,415)
Gain on disposal of assets of disposal group classified as held for sale	**(869)**	–	**(569)**	–
Gain on disposal of available-for-sale financial assets	**–**	–	**(15)**	–
Gain on disposal of a joint venture	**(720)**	–	**(720)**	–
Gain on disposal of held for trading investments	**–**	(507)	**–**	(507)
Gain on disposal of property, plant and equipment	**(423)**	(701)	**(1,725)**	(718)
Loss/(gain) on disposal of subsidiaries	**3,424**	(3,020)	**(4,323)**	(3,020)
Gain on fair value adjustment on held for trading investments	**(4)**	(160)	**(40)**	(1,515)
Loss/(gain) on re-measurement of a subsidiary reclassified as disposal group held for sale	**111**	–	**(13,499)**	–
Impairment loss/(reversal of impairment loss) on property, plant and equipment	**2,154**	–	**(14,558)**	–
Interest income	**(1,882)**	(2,092)	**(3,564)**	(3,369)
Inventories write-down/(reversal of inventories write-down	**501**	(10)	**3,531**	–
Share-based compensation expenses	**1,642**	–	**3,447**	–
Share of loss/(profit) from equity-accounted associates and joint ventures	**1,400**	(1,634)	**859**	(3,435)
Unrealised foreign exchange gain	**(513)**	(214)	**(3,776)**	(1,573)
Operating cash flows before changes in working capital	**108,128**	19,940	**121,917**	35,016
Properties held for sale				
- Development expenditure	**(41,871)**	(53,167)	**(80,144)**	(77,015)
- Proceeds from progress billings	**178,343**	23,882	**270,896**	56,816
Increase/(decrease) in trade and other payables and provisions	**74,084**	(253)	**(75,582)**	(7,696)
(Increase)/decrease in trade and other receivables	**(109,944)**	76,984	**10,835**	171,300
Increase in gross amount due from customers for contract work	**(8,887)**	(9,710)	**(4,432)**	(2,822)
(Decrease)/increase in gross amount due to customers for contract work	**(9,440)**	(6,698)	**3,656**	(6,121)
Decrease/(increase) in inventories	**33,834**	(7,377)	**67,649**	(7,241)
Cash flows from operations	**224,247**	43,601	**314,795**	162,237
Shared-based payments	**(62)**	–	**(226)**	–
Income taxes paid	**(28,544)**	(10,733)	**(33,854)**	(14,131)
Interest paid	**(9,478)**	(2,758)	**(25,788)**	(12,273)
Interest received	**1,449**	1,669	**3,152**	2,947
Net cash flows from operating activities	**187,612**	31,779	**258,079**	138,780

1(c) Statement of cash flows (*continued)*

	Group			
	3 months ended		6 months ended	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	$000	$000	**$000**	$000
Cash flows from investing activities				
Addition to investment properties	**–**	–	**–**	(424,061)
Acquisition of intangible assets	**(69)**	(8,298)	**(264)**	(8,298)
Acquisition of non-controlling interests	**(1,079)**	–	**(131,401)**	–
Acquisition of subsidiaries, net of cash acquired (Note A)	**–**	(307,249)	**–**	(307,249)
Decrease/(increase) in loans to associates	**742**	(22,074)	**3,492**	(25,419)
Disposal/liquidation of subsidiaries and joint venture, net of cash disposed of (Note B)	**1,170**	4,471	**21,132**	4,471
Dividends received from joint ventures	**3,384**		**8,851**	–
Dividends received from other investments	**449**	458	**1,397**	629
(Increase)/decrease in amounts due from associates and joint ventures	**(9,452)**	5,880	**(10,651)**	2,919
Investment in associates	**–**	–	**–**	(300)
Investment in joint venture	**–**	–	**(3,132)**	–
Proceeds from disposal of assets of disposal group classified as held for sale	**1,777**	–	**5,325**	–
Proceeds from disposal of intangible assets	**68**	–	**68**	–
Proceeds from disposal of other investments	**–**	9,189	**132**	9,189
Proceeds from disposal of property, plant and equipment	**4,895**	1,518	**7,751**	1,979
Purchase of property, plant and equipment	**(16,038)**	(11,290)	**(33,304)**	(14,116)
Properties development expenditure	**(93,013)**	(39,951)	**(122,161)**	(61,739)
Net cash flows used in investing activities	**(107,166)**	(367,346)	**(252,765)**	(821,995)
Cash flows from financing activities				
Contribution from non-controlling interests	**903**	–	**940**	–
(Decrease)/increase in trust receipts and bills payable	**(1,027)**	(327)	**1,129**	(1,697)
Dividends paid	**(43,110)**	(30,896)	**(43,110)**	(30,896)
Dividends paid to non-controlling interests of subsidiaries	**(11,751)**	(4,293)	**(11,906)**	(4,293)
Increase in short-term loans	**76,362**	35,683	**61,674**	37,128
Issuance of shares upon exercise of share options	**551**	393	**806**	1,227
Proceeds from issuance of medium term notes	**–**	101,830	**–**	101,830
Proceeds from long-term loans	**44,258**	507,397	**73,390**	898,978
Repayment of long-term loans	**(219,515)**	(3,250)	**(263,230)**	(4,693)
Net cash flows (used in)/from financing activities	**(153,329)**	606,537	**(180,307)**	997,584
Net (decrease)/increase in cash and cash equivalents	**(72,883)**	270,970	**(174,993)**	314,369
Cash and cash equivalents, beginning balance	**786,836**	489,013	**888,946**	445,614
Cash and cash equivalents, ending balance	**713,953**	759,983	**713,953**	759,983
Cash and cash equivalents comprise:				
Bank balances and deposits	**744,217**	769,573	**744,217**	769,573
Bank overdrafts	**(30,264)**	(9,590)	**(30,264)**	(9,590)
Cash and cash equivalents	**713,953**	759,983	**713,953**	759,983

1(c) Statement of cash flows (*continued)*

Note A: The net assets arising from the acquisition of subsidiaries are computed based on provisional values and the cash flow effects of the acquisition were as follows:-

	Group			
	3 months ended		**6 months ended**	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	$000	$000	**$000**	$000
Property, plant and equipment	–	601,606	–	601,606
Investment properties	–	38,455	–	38,455
Intangible assets	–	54,929	–	54,929
Investments in associates	–	38,549	–	38,549
Investments in joint ventures	–	78,771	–	78,771
Deferred tax assets	–	45,392	–	45,392
Inventories	–	257,889	–	257,889
Trade and other receivables	–	335,512	–	335,512
Other investments	–	64,503	–	64,503
Properties held for sale	–	499,786	–	499,786
Bank balances and deposits	–	400,669	–	400,669
Assets of disposal group classified as held for sale	–	4,540	–	4,540
Deferred tax liabilities	–	(23,106)	–	(23,106)
Other long term liabilities	–	(4,035)	–	(4,035)
Income tax payable	–	(25,319)	–	(25,319)
Trade and other payables	–	(444,722)	–	(444,722)
Borrowings	–	(604,876)	–	(604,876)
Net assets acquired	–	1,318,543	–	1,318,543
Less: Non-controlling interests	–	(756,102)	–	(756,102)
Net identifiable assets acquired	–	562,441	–	562,441
Goodwill on acquisition	–	145,477	–	145,477
Cash flow arising from acquisition of subsidiaries	–	707,918	–	707,918
Less: Cash and cash equivalents in subsidiaries acquired	–	(400,669)	–	(400,669)
Cash flow arising on acquisition, net of cash acquired	–	307,249	–	307,249

Note B: The net assets and liabilities arising from the disposal of subsidiaries and a joint venture and the cash flow effects of the disposal were as follows:-

	Group			
	3 months ended		**6 months ended**	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	$000	$000	**$000**	$000
Property, plant and equipment	**7**	425	**396**	425
Deferred tax assets	**51**	–	**1,638**	–
Investments in joint ventures	**1,264**	–	**1,264**	–
Inventories	**282**	1,615	**450**	1,615
Trade and other receivables	**1,158**	2,187	**3,025**	2,187
Gross amount due from customers for contract work	**–**	1,276	**43**	1,276
Properties held for sale	**–**	–	**149,927**	–
Bank balances and deposits	**190**	1,214	**19,560**	1,214
Deferred tax liabilities	**–**	–	**(2,157)**	–
Trade and other payables	**(1,130)**	(2,790)	**(46,428)**	(2,790)
Borrowings	**–**	(1,323)	**(23,831)**	(1,323)
Net assets disposed	**1,822**	2,604	**103,887**	2,604
Foreign currency translation reserve gain realised	**(10)**	61	**2,183**	61
Deemed disposal of subsidiary retained as associate	**(369)**	–	**(369)**	–
Less: Carrying value transferred to assets of disposal group classified as held for sale	**348**	–	**(51,047)**	–
Less: Non-controlling interests	**2,273**	–	**(19,005)**	–
Net (loss)/gain on disposal/liquidation	**(2,704)**	3,020	**5,043**	3,020
Total consideration	**1,360**	5,685	**40,692**	5,685
Cash and cash equivalents in subsidiaries and joint venture disposed/liquidated	**(190)**	(1,214)	**(19,560)**	(1,214)
Cash flow arising from disposal/liquidation of subsidiaries and joint venture	**1,170**	4,471	**21,132**	4,471

1(d)(i) Statements of changes in equity

GROUP

		Attributable to owners of the Company					
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
	$000	$000	$000	$000	$000	$000	$000
Opening balance at 1/1/2014	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696
Profit/(loss) for the period	(9,409)	7,668	–	–	7,668	–	(17,077)
Remeasurements of defined benefit pension plans	(2,737)	(1,847)	–	–	(1,847)	–	(890)
Losses on exchange differences on translation, net of tax	(7,313)	(5,060)	–	–	–	(5,060)	(2,253)
Losses on remeasuring available-for-sale financial assets, net of tax	(297)	(297)	–	–	–	(297)	–
Share of other comprehensive income from equity-accounted associate, net of tax	1,242	1,242	–	–	–	1,242	–
Other comprehensive income for the period	(9,105)	(5,962)	–	–	(1,847)	(4,115)	(3,143)
Total comprehensive income for the period	(18,514)	1,706	–	–	5,821	(4,115)	(20,220)
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	12,044	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	255	255	255	–	–	–	–
Equity portion of convertible bonds	(677)	(677)	–	–	–	(677)	–
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	–	14,658	(14,658)	–
Dividend paid to non-controlling interests	(155)	–	–	–	–	–	(155)
Total contributions by and distributions to owners	11,467	11,622	12,299	–	14,658	(15,335)	(155)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiary	(130,322)	(9,038)	–	–	–	(9,038)	(121,284)
Contribution from non-controlling interests	37	–	–	–	–	–	37
Disposal of interests in subsidiaries	(21,278)	–	–	–	–	–	(21,278)
Employee share option scheme/ share appreciation rights:							
- value of employee services	1,743	1,026	–	–	–	1,026	717
Total changes in ownership interests in subsidiaries	(149,820)	(8,012)	–	–	–	(8,012)	(141,808)
Total transactions with owners in their capacity as owners	(138,353)	3,610	12,299	–	14,658	(23,347)	(141,963)
Closing balance at 31/3/2014	2,364,489	1,716,976	806,110	(62,313)	963,926	9,253	647,513

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of changes in equity *(continued)*

GROUP

		Attributable to owners of the Company					
	Total equity	**Equity attributable to owners of the Company**	**Share capital**	**Treasury shares#**	**Retained earnings**	**Other reserves**	**Non-controlling interests**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Profit for the period	42,344	40,794	–	–	40,794	–	1,550
Losses on exchange differences on translation, net of tax	(4,279)	(3,712)	–	–	–	(3,712)	(567)
Gains on remeasuring available-for-sale financial assets, net of tax	743	743	–	–	–	743	–
Share of other comprehensive income from equity-accounted associate, net of tax	1,170	1,170	–	–	–	1,170	–
Other comprehensive income for the period	(2,366)	(1,799)	–	–	–	(1,799)	(567)
Total comprehensive income for the period	39,978	38,995	–	–	40,794	(1,799)	983
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	551	551	551	–	–	–	–
Dividends paid	(43,110)	(43,110)	–	–	(43,110)	–	–
Dividend paid to non-controlling interests	(11,751)	–	–	–	–	–	(11,751)
Total contributions by and distributions to owners	(54,310)	(42,559)	551	–	(43,110)	–	(11,751)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiary	(1,035)	–	–	–	–	–	(1,035)
Contribution from non-controlling interests	903	–	–	–	–	–	903
Disposal of interests in subsidiaries	2,273	–	–	–	–	–	2,273
Dilution of interests in subsidiaries	(257)	(257)	–	–	–	(257)	–
Employee share option scheme/ share appreciation rights:							
- value of employee services	915	467	–	–	–	467	448
Income tax benefit arising from share-based compensation	1,125	1,125	–	–	–	1,125	–
Total changes in ownership interests in subsidiaries	3,924	1,335	–	–	–	1,335	2,589
Total transactions with owners in their capacity as owners	(50,386)	(41,224)	551	–	(43,110)	1,335	(9,162)
Closing balance at 30/6/2014	2,354,081	1,714,747	806,661	(62,313)	961,610	8,789	639,334

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of changes in equity *(continued)*

GROUP

		Attributable to owners of the Company					
	Total equity	**Equity attributable to owners of the Company**	**Share capital**	**Treasury shares#**	**Retained earnings**	**Other reserves**	**Non-controlling interests**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance at 1/1/2013	1,305,939	1,238,851	327,989	–	854,713	56,149	67,088
Profit for the period	9,337	7,444	–	–	7,444	–	1,893
Gains on exchange differences on translation, net of tax	359	298	–	–	–	298	61
Gains on remeasuring available-for-sale financial assets, net of tax	383	383	–	–	–	383	–
Share of other comprehensive income from equity-accounted associate, net of tax	(6,644)	(6,644)	–	–	–	(6,644)	–
Other comprehensive income for the period	(5,902)	(5,963)	–	–	–	(5,963)	61
Total comprehensive income for the period	3,435	1,481	–	–	7,444	(5,963)	1,954
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	1,638	1,638	1,638	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	834	834	834	–	–	–	–
Equity portion of convertible bonds	2	2	–	–	–	2	–
Total contributions by and distributions to owners	2,474	2,474	2,472	–	–	2	–
Total transactions with owners in their capacity as owners	2,474	2,474	2,472	–	–	2	–
Closing balance at 31/3/2013	1,311,848	1,242,806	330,461	–	862,157	50,188	69,042
Profit for the period	23,350	15,411	–	–	15,411	–	7,939
Gains on exchange differences on translation, net of tax	2,392	1,421	–	–	–	1,421	971
Losses on remeasuring available-for-sale financial assets, net of tax	(185)	(185)	–	–	–	(185)	–
Share of other comprehensive income from equity-accounted associate, net of tax	1,036	1,036	–	–	–	1,036	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	(1,895)	(1,895)	–	–	–	(1,895)	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax,	(19,520)	(19,520)	–	–	–	(19,520)	–
Other comprehensive income for the period	(18,172)	(19,143)	–	–	–	(19,143)	971
Total comprehensive income for the period	5,178	(3,732)	–	–	15,411	(19,143)	8,910

1(d)(i) Statements of changes in equity *(continued)*

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
	$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	2,149	2,149	2,149	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	393	393	393	–	–	–	–
Acquisition of treasury shares arising from business combinations	(62,313)	(62,313)	–	(62,313)	–	–	–
Equity portion of convertible bonds	4	4	–	–	–	4	–
Dividends paid	(35,189)	(30,896)	–	–	(30,896)	–	(4,293)
Interim dividend FY2013	(5,996)	–	–	–	–	–	(5,996)
Total contributions by and distributions to owners	(100,952)	(90,663)	2,542	(62,313)	(30,896)	4	(10,289)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	755,868	(234)	–	–	–	(234)	756,102
Movement in non-controlling interests arising from business combination	(49,381)	–	–	–	–	–	(49,381)
Total changes in ownership interests in subsidiaries	706,487	(234)	–	–	–	(234)	706,721
Total transactions with owners in their capacity as owners	605,535	(90,897)	2,542	(62,313)	(30,896)	(230)	696,432
Closing balance at 30/6/2013	1,922,561	1,148,177	333,003	(62,313)	846,672	30,815	774,384

Please refer to paragraph 1d(ii) for further details on the treasury shares.

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

COMPANY

	Total equity	Share capital	Retained earnings	Other reserves
	$000	**$000**	**$000**	**$000**
Opening balance at 1/1/2014	1,476,194	793,811	657,678	24,705
Profit for the period	3,841	–	3,841	–
Total comprehensive income for the period	3,841	–	3,841	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	255	255	–	–
Equity portion of convertible bonds	6	–	–	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	14,658	(14,658)
Total transactions with owners in their capacity as owners	12,305	12,299	14,658	(14,652)
Closing balance at 31/3/2014	1,492,340	806,110	676,177	10,053
Profit for the period	16,416	–	16,416	–
Total comprehensive income for the period	16,416	–	16,416	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	551	551	–	–
Dividends paid	(44,630)	–	(44,630)	–
Total transactions with owners in their capacity as owners	(44,079)	551	(44,630)	–
Closing balance at 30/6/2014	1,464,677	806,661	647,963	10,053
Opening balance at 1/1/2013	869,534	327,989	517,118	24,427
Profit for the period	11,389	–	11,389	–
Total comprehensive income for the period	11,389	–	11,389	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	1,638	1,638	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	834	834	–	–
Equity portion of convertible bonds	2	–	–	2
Total transactions with owners in their capacity as owners	2,474	2,472	–	2
Closing balance at 31/3/2013	883,397	330,461	528,507	24,429
Profit for the period	84,746	–	84,746	–
Total comprehensive income for the period	84,746	–	84,746	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	2,149	2,149	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	393	393	–	–
Equity portion of convertible bonds	4	–	–	4
Dividends paid	(30,896)	–	(30,896)	–
Total transactions with owners in their capacity as owners	(28,350)	2,542	(30,896)	4
Closing balance at 30/6/2013	939,793	333,003	582,357	24,433

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

During Q2 2014, the Company issued 340,339 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 11,783,195 ordinary shares on conversion of $12,018,972 convertible bonds and 487,755 ordinary shares arising from the exercising of the options under the Scheme 2000.

As at 30 June 2014, there were 2,351,679 (30 June 2013: 3,187,850) unexercised options for ordinary shares under Scheme 2000. There were no convertible bonds outstanding as at 30 June 2014 (as at 30 June 2013, there were $19,301,090 convertible bonds which are convertible into 14,403,798 shares at the conversion price of $1.34 per share).

Deemed treasury shares arising from acquisition of WBL
WBL has a shareholding of 21,712,000 ordinary stock units in the capital of United Engineers Limited (UEL). WBL became a subsidiary of UEL on 29 May 2013, as such the stock units are deemed and provisionally classified as treasury shares under the consolidated group.

Under the Singapore Companies Act, Chapter 50, WBL is required to dispose of its shareholding in UEL within 12 months of becoming subsidiary of UEL. WBL has successfully applied and obtained extension from the Court of Singapore which ruled that the period within which WBL shall dispose of its UEL shares be extended to 24 months from the date WBL became a subsidiary of UEL.

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 2014, the Company's issued and paid-up ordinary share capital including treasury shares (include 21,712,000 ordinary stock units held by WBL) was 636,699,889 ordinary stock units (31 December 2013: 624,428,939).

As at 30 June 2014, the Company's issued and paid-up ordinary share capital excluding treasury shares was 614,987,889 ordinary stock units (31 December 2013: 602,716,939).

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 (except as disclosed in section 1d(ii) above in relation to the 21,712,000 ordinary stock units of the Company held by WBL).

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 Paragraph 5 regarding the adoption of amendments to 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 2013.

5 <u>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</u>.

The Group adopted the amendments to the FRS that are effective for annual financial periods beginning on or after 1 January 2014.

Revised FRS 27 Separate Financial Statements
Revised FRS 28 Investments in Associates and Joint Ventures
FRS 110 Consolidated Financial Statements
FRS 111 Joint Arrangements
FRS 112 Disclosure of Interests in Other Entities
Amendments to FRS 32: Offsetting Financial Assets and Financial Liabilities

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

6 <u>Earnings per stock unit</u>

	3 months ended		**6 months ended**	
	30/6/2014	30/6/2013 (restated)[1]	**30/6/2014**	30/6/2013 (restated)[1]
(a) Basic*:	**6.4¢**	4.1¢	**7.6¢**	6.1¢
(b) Diluted**:	**6.4¢**	3.9¢	**7.6¢**	5.9¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**636,660,092**	376,597,285	**634,513,583**	375,034,366
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**636,928,486**	394,797,380	**634,710,172**	393,356,864

[1] Restated for the effects of the Rights Issue by the Company which was completed in September 2013.

* 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 <u>Net asset value per stock unit</u>

	Group		**Company**	
	30/6/2014	31/12/2013	**30/6/2014**	31/12/2013
Net asset per ordinary stock unit based on the total number of issued shares	**$2.79**[2]	$2.84[2]	**$2.30**	$2.36

[2] Based on total number of issued stock units excluding the number of stock units held by WBL.

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 major businesses comprise Property Development, Property Rental & Services, Engineering & Construction and the businesses of its 67.5%[#] subsidiary WBL, which engages in Automotive, China Property, Technology and Engineering, Manufacturing & Distribution (EMD).

Q2 2014 compared with Q2 2013 performance

Revenue increased 302% to $1.22 billion in Q2 2014 from $303.4 million in Q2 2013 mainly due to the full revenue recognition from the property sales at *Austville Residences* (which obtained temporary occupation permit in April 2014) in accordance with the completion-of-construction accounting method. The progressive revenue recognition from the property sales at *Eight Riversuites* and the consolidation of WBL Group's full quarter revenue of approximately $520.2 million (as compared with one (1) month[1] contribution in Q2 2013) have also contributed to the higher revenue in Q2 2014. In line with the increase in revenue, gross profit increased 164% to $157.8 million in Q2 2014. Gross profit margin dropped to 12.9% in Q2 2014 as compared with 19.7% in Q2 2013 which was mainly attributable to the losses of $9.0 million incurred by the Group's NASDAQ-listed subsidiary, Multi-Fineline Electronix, Inc. (MFLEX), in which the Group has an effective interest of 43%.

Other income decreased 84% to $5.0 million in Q2 2014 from $31.6 million in Q2 2013 mainly due to the absence of the deemed disposal gain of approximately $21.4 million from available-for-sale financial assets recognised in Q2 2013 arising from the acquisition of WBL. The Group also recorded a gain of approximately $3.0 million on the sale of a non-core subsidiary in Hong Kong in Q2 2013.

Distribution costs increased 109% to $29.3 million in Q2 2014 from $14.1 million in Q2 2013 mainly due to inclusion of WBL Group's full quarter distribution costs of approximately $26.0 million for Q2 2014 compared with one (1) month[1] distribution costs of approximately $10.9 million in Q2 2013.

Administrative expenses increased 36% to $47.2 million in Q2 2014 from $34.7 million in Q2 2013 mainly due to inclusion of WBL Group's full quarter expenses of approximately $21.7 million for Q2 2014 compared with one (1) month[1] expenses of approximately $2.7 million in Q2 2013. The absence of professional fee and related expenses incurred for the takeover offers for WBL and consent fees paid to UEL's Multicurrency Medium Term Note bondholders provided partial offset to the increase in administrative expenses in Q2 2014.

Finance costs increased 44% to $11.9 million in Q2 2014 from $8.3 million in Q2 2013 mainly due to inclusion of WBL Group's full quarter finance costs of approximately $3.2 million for Q2 2014 compared with one (1) month[1] finance costs of approximately $0.7 million in Q2 2013. The acquisition of *UE BizHub WEST* towards the end of 2013 has also contributed to the increase in financing costs.

Other expenses increased 52% to $12.8 million in Q2 2014 from $8.4 million in Q2 2013 mainly due to inclusion of WBL Group's full quarter expenses of approximately $10.2 million for Q2 2014 compared with one (1) month[1] expenses of approximately $4.6 million in Q2 2013.

Income tax expense increased 215% to $19.7 million in Q2 2014 from $6.3 million in Q2 2013 mainly due to higher taxable operating profit and non-availability for group relief of losses incurred by certain overseas subsidiaries.

[1] WBL became a subsidiary of the Group on 29 May 2013, and correspondingly, WBL Group was consolidated with the Group from the month of June 2013.

[#] As at 30 June 2014

H1 2014 compared with H1 2013 performance

Revenue increased 345% to $1.96 billion in H1 2014 from $440.0 million in H1 2013 mainly due to the full revenue recognition from the property sales at *Austville Residences* (which obtained temporary occupation permit in April 2014) in accordance with the completion-of-construction accounting method. The progressive revenue recognition from the property sales at *Eight Riversuites* and the consolidation of WBL Group's half year revenue of approximately $1.02 billion (as compared with one (1) month[1] in H1 2013) have also contributed to the higher revenue in H1 2014. In line with the increase in revenue, gross profit increased 134% to $236.8 million in H1 2014. Gross profit margin dropped to 12.1% in H1 2014 as compared with 23.0% in H1 2013 which was mainly attributable to the losses of $25.5 million incurred by MFLEX, in which the Group has an effective interest of 43%.

Other income decreased 13% to $30.0 million in H1 2014 from $34.4 million in H1 2013 mainly due to the absence of the deemed disposal gain of approximately $21.4 million from available-for-sale financial assets recognised in H1 2013 arising from the acquisition of WBL. The Group also recorded a gain of approximately $3.0 million on the sale of a non-core subsidiary in Hong Kong in H1 2013. The decrease was partially offset by divestment and re-measurement gain of approximately $21.8 million from the disposal of a subsidiary in China recorded in H1 2014.

Distribution costs increased 245% to $59.7 million in H1 2014 from $17.3 million in H1 2013 mainly due to inclusion of WBL Group's half year distribution costs of approximately $52.8 million for H1 2014 compared with one (1) month[1] distribution costs of approximately $10.9 million in H1 2013.

Administrative expenses increased 56% to $94.1 million in H1 2014 from $60.3 million in H1 2013 mainly due to inclusion of WBL Group's half year expenses of approximately $43.4 million for H1 2014 compared with one (1) month[1] expenses of approximately $2.7 million in H1 2013. The absence of professional fee and related expenses incurred for the takeover offers for WBL and the consent fees paid to UEL's Multicurrency Medium Term Note bondholders provided partial offset to the increase in administrative expenses in H1 2014.

Finance costs increased 80% to $23.3 million in H1 2014 from $12.9 million in H1 2013 mainly due to inclusion of WBL Group's half year finance costs of approximately $5.3 million for H1 2014 compared with one (1) month[1] finance costs of approximately $0.7 million in H1 2013. The acquisition of *UE BizHub WEST* towards the end of 2013 has also contributed to the increase in financing costs.

Other expenses increased 84% to $19.0 million in H1 2014 from $10.3 million in H1 2013 mainly due to inclusion of WBL Group's half year expenses of approximately $14.6 million for H1 2014 compared with one (1) month[1] expenses of approximately $4.6 million in H1 2013.

Income tax expense increased 360% to $40.5 million in H1 2014 from $8.8 million in H1 2013 mainly due to higher taxable operating profit, non-availability for group relief of losses incurred by certain overseas subsidiaries as well as a tax charge from the reversal of the deferred tax assets recorded by MFLEX.

The Group's **attributable profit** increased to $40.8 million in Q2 2014 compared with $15.4 million in Q2 2013. For H1 2014 attributable profit was $48.5 million in H1 2014 compared with $22.9 million in H1 2013.

Earnings per ordinary stock unit (EPS) increased to 6.4 cents in Q2 2014 compared with 4.1 cents (restated*) in Q2 2013. EPS for the half-year ended 30 June 2014 and 30 June 2013 were 7.6 cents and 6.1 cents (restated*) respectively.

Net asset per ordinary stock unit stood at $2.79 as at 30 June 2014 compared with $2.84 as at 31 December 2013.

[1] WBL became a subsidiary of the Group on 29 May 2013, and correspondingly, WBL Group was consolidated with the Group from the month of June 2013.

* Restated for the effect of the Rights Issue by the Company which was completed in September 2013.

Financial position review

- Properties held for sale declined by $510 million mainly due to the completion of *Austville Residences* project which has obtained its temporary occupation permit in April 2014. The divestment of the residential housing development project in Suzhou, China has also contributed to the decline. The project was held through JWHY which was partially divested as announced in Q1 2014. The decline was also partly attributable to the progress billing received on the sale of private residential properties in Singapore.

- Assets of disposal group classified as held for sale[1] increased by $195 million mainly due to additional development costs incurred for the *orchardgateway* project. The increase was also due to the reclassification of the assets of JWHY to assets of disposal group held for sale, the disposal of which is expected to be completed by Q3 2014.

- Current trade and other payables decreased by $348 million mainly due to a decline in the progress billing received in advance from buyers of *Austville Residences*, following the revenue recognition in line with the completion-of-construction accounting method. The decline in trade payables was also driven by WBL's Technology businesses due to lower level of activities.

Cash flow review

As at 30 June 2014, the Group had cash and cash equivalents of $714 million. In H1 2014, the Group received the progress billings of $271 million mainly from *Austville Residences* and *Eight Riversuites*, and incurred total development expenditure of $202 million mainly for *orchardgateway, Austville Residences, Eight Riversuites* and WBL's China development projects. The Group also utilised $131 million for the delisting offers for WBL Group. In addition, $164 million was utilised for repayment of loans and $55 million was utlised for dividends payments. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2013 to 30 June 2014 were the result of the Group's other ongoing operations.

[1] Under Financial Reporting Standard 105 (FRS105), re-classification of the carrying value of assets and liabilities of disposal group as held for sale is required if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such sale should be expected to qualify for recognition as a completed sale within 12 months from the date of such classification

Segment review

Property Development

Revenue recorded in Q2 2014 of $546.8 million and in H1 2014 of $644.4 million related mainly to the full revenue recognition for *Austville Residences* (which obtained temporary occupation permit in April 2014) in accordance with the completion-of-construction accounting method. The progressive revenue recognition from the property sales at *Eight Riversuites* also contributed to the higher revenue in Q2 2014 and H1 2014. Operating profit before interest increased to $49.0 million in Q2 2014 and $54.8 million in H1 2014 compared with a marginal loss before interest in Q2 2013 and H1 2013 mainly due to the contribution from *Austville Residences* and *Eight Riversuites*.

Property Rental & Services

Revenue increased 20% to $60.8 million in Q2 2014 from $50.6 million in Q2 2013 and 19% to $117.0 million in H1 2014 from $98 million in H1 2013 mainly due to rental contribution from *UE BizHub WEST*. Operating profit before interest increased 56% to $24.0 million in Q2 2014 from $15.4 million in Q2 2013 and 55% to $44.3 million in H1 2014 from $28.5 million in H1 2013 mainly due to higher revenue.

Engineering & Construction

Revenue increased 13% to $130.1 million in Q2 2014 from $115.7 million in Q2 2013 and 4% to $221.9 million in H1 2014 from $214.3 million in H1 2013 mainly due to higher contribution from the Group's environmental engineering projects. Operating profit before interest increased 38% to $23.7 million in Q2 2014 from $17.2 million in Q2 2013 and 19% to $24.8 million in H1 2014 from $20.9 million in H1 2013 mainly due to higher profit contribution from certain completed projects in H1 2014.

WBL Group

Revenue contribution was primarily from WBL Group's Automotive and Technology businesses. Operating loss before interest was mainly due to excess manufacturing capacity by MFLEX as a result of lower net sales as well as losses from the overseas property projects in China due to lower sales as a result of the cooling measures implemented by the Chinese Government. These losses were partially offset by profits from its other business divisions.

Contributions by the various business divisions within WBL Group are as follows:

	Revenue				Operating profit/(loss) before interest			
Business divisions	**Q2 2014**	**Q2 2013(1)**	**H1 2014**	**H1 2013(1)**	**Q2 2014**	**Q2 2013(1)**	**H1 2014**	**H1 2013(1)**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Automotive	216,713	61,608	446,840	61,608	2,541	1,671	6,230	1,671
Property	4,114	396	14,405	396	(5,370)	(707)	(8,929)	(707)
Technology(2)	218,824	64,026	409,288	64,026	(20,990)	(8,998)	(47,648)	(8,998)
EMD	63,170	21,514	120,558	21,514	3,641	1,061	7,759	1,061
Others	17,402	1,915	33,308	1,915	3,297	(3,023)	1,788	(3,023)
Operating loss	–	–	–	–	(16,881)	(9,997)	(40,800)	(9,997)
Exceptional items (EI)(3)	–	–	–	–	(2,815)	–	16,635	–
Total	520,223	149,459	1,024,399	149,459	(19,696)	(9,997)	(24,165)	(9,997)

(1): Consist of one (1) month (i.e. June 2013) results. WBL became a subsidiary of the Group on 29 May 2013, and correspondingly, WBL Group was consolidated with the Group from the month of June 2013.
(2): Include MFLEX and MFS Technology Ltd group of companies.
(3): This relate to gain/(loss) arising from dissolution/divestment of subsidiaries, associates and joint ventures.
EI in Q2 2014 mainly relate to losses incurred in relation to dissolution of a subsidiary in Hong Kong.
EI in H1 2014 mainly relate to divestment and re-measurement gain on disposal of WBL's investment in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.

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

The Company did not make any forecast statement previously. The Group's Q2 2014 results are in line with the statement made in paragraph 10 of the Company's Q1 2014 results announcement on 15 May 2014.

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 on-going cooling measures implemented by the Singapore and Chinese Governments continue to weigh on the sentiment of home buyers. The progress of property development projects of the Group are on track. The accounting treatment on revenue recognition for certain projects using the completion-of-construction method will result in volatility in the recognition of revenues and profits. The Group's expanded portfolio of investment properties will help to reduce this volatility.

The Group remains optimistic about its engineering and construction businesses as the construction demand in Singapore for 2014 is expected to remain relatively strong. With the tight foreign labour policies implemented by the Singapore Government, the Group will continue to strive to raise productivity through improving its work processes and introducing new technology in its operations and project execution.

Against a backdrop of the impact of policy changes in the automotive industry in Singapore, the Group is cautiously optimistic that there will be sustained demand for WBL's luxury and premium marques across its diverse portfolio of brands. The Automotive division will continue to focus on growing its businesses in Singapore and the Asia-Pacific region.

On 5 August 2014, the Group's subsidiary, MFS Technology Ltd (MFS) in which the Group has an effective interest of 57%, announced that it has entered into a legally binding letter of offer with Novo Tellus PE Fund 1, L.P. and Navis Asia VII Management Company Limited (on behalf of Navis Asia Fund VII, L.P.) for the sale of all assets and liabilities as identified on the MFS' balance sheet for an aggregate consideration of S$124,152,000 to be satisfied in cash. Details of the proposed transaction can be found in SGX-ST.

On 8 August 2014, the Group's NASDAQ listed subsidiary, MFLEX (in which the Group has an effective interest of 43%) has announced that its capacity consolidation and restructuring exercise has substantially completed as at 30 June 2014, and the expected cost savings from the restructuring plan is on track. The improved cost structure is expected to continue to support recovery in profitability.

As part of the Group's on-going strategic review of its operations and portfolio of businesses, the Group will continue to explore and capitalise on opportunities to further enhance and unlock shareholder value.

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 <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.

13 <u>If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.</u>

During the quarter ended 30 June 2014, the following IPTs were entered into by the Group.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
	$000	$000
<u>OCBC Group</u>*		
General Transactions:		
- Sale of vehicle	–	159#
Others:		
- Marketing fees & commissions	847#	–
<u>Director of the Company</u>		
General Transactions:		
- Sale of vehicle to Ms Huang Yuzhu, spouse of Dr Michael Lim Chun Leng	174#	

* Oversea-Chinese Banking Corporation Limited Group (other than Great Eastern Holdings Limited Group).

The value of transactions are based on the Group's effective interest pursuant to Rule 909 of the SGX Listing Manual.

BY ORDER OF THE BOARD
Heng Fook Pyng, Jeslyn
Secretary
14 August 2014

Confirmation by the Board

We, Tan Ngiap Joo and Norman Ip Ka Cheung, 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 2014 and H1 2014 financial results to be false or misleading in any material aspect.

On behalf of the Board,

……………………………………………… ………………………………………………
TAN NGIAP JOO NORMAN IP KA CHEUNG
Chairman Non-Executive Director