



Q2 2016 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement

	Group					
	3 months ended			6 months ended		
	30/6/2016	30/6/2015⁽¹⁾	Change	30/6/2016	30/6/2015⁽¹⁾	Change
	\$000	\$000	(%)	\$000	\$000	(%)
<u>Continuing operations</u>						
Revenue	142,209	263,031	(46)	333,722	576,040	(42)
Cost of sales	(96,908)	(212,381)	(54)	(232,377)	(465,490)	(50)
Gross profit	45,301	50,650	(11)	101,345	110,550	(8)
Other items of income						
Interest income	399	580	(31)	917	1,317	(30)
Other income	5,785	1,656	249	6,641	7,252	(8)
Other items of expense						
Distribution costs	(7,096)	(6,297)	13	(14,186)	(12,314)	15
Administrative expenses	(26,055)	(27,145)	(4)	(52,241)	(57,896)	(10)
Finance costs	(9,140)	(7,884)	16	(19,367)	(18,549)	4
Other expenses	(2,496)	(3,321)	(25)	(4,362)	(4,853)	(10)
Operating profit	6,698	8,239	(19)	18,747	25,507	(27)
Share of profit from equity-accounted associates and joint ventures	1,431	6,458	(78)	3,721	5,811	(36)
Profit before tax from continuing operations	8,129	14,697	(45)	22,468	31,318	(28)
Income tax expense	(472)	(3,909)	(88)	(2,120)	(3,564)	(41)
Profit from continuing operations, net of tax	7,657	10,788	(29)	20,348	27,754	(27)
<u>Discontinued operation</u>						
(Loss)/profit from discontinued operation, net of tax	(12,099)	15,963	NM	(25,369)	32,101	NM
(Loss)/profit net of tax	(4,442)	26,751	NM	(5,021)	59,855	NM
Profit/(loss) attributable to:						
Owners of the Company						
- Continuing operations, net of tax	7,992	10,723	(25)	20,567	27,851	(26)
- Discontinued operation, net of tax	(5,124)	6,828	NM	(10,757)	14,685	NM
	2,868	17,551	(84)	9,810	42,536	(77)
Non-controlling interests						
- Continuing operations, net of tax	(335)	65	NM	(219)	(97)	(126)
- Discontinued operation, net of tax	(6,975)	9,135	NM	(14,612)	17,416	NM
	(7,310)	9,200	NM	(14,831)	17,319	NM

NM: Not meaningful

⁽¹⁾ The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

1(a)(ii) Continuing operations - Other information

	Group			
	3 months ended		6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	\$000	\$000	\$000	\$000
Depreciation and amortisation	(4,967)	(4,971)	(9,930)	(10,068)
Foreign exchange loss	(185)	(228)	(461)	(102)
Gain on disposal of assets of disposal group classified as held for sale	–	–	–	1,837
Gain on disposal of available-for-sale financial assets	3,888	–	3,888	–
Gain/(loss) on disposal of property, plant and equipment	46	(400)	29	(483)
(Loss)/gain on disposal of subsidiaries	–	(52)	–	2,923
Over provision of prior years' tax	1,335	3,934	1,339	5,684
Realisation of translation reserve upon liquidation of subsidiaries	–	(203)	–	(477)
(Inventories write-down)/reversal of inventories write-down	(120)	514	(336)	(532)
(Impairment loss)/reversal of impairment loss on trade receivables	(39)	73	65	(1,395)

1(a)(iii) Statement of comprehensive income

	Group			
	3 months ended		6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	\$000	\$000	\$000	\$000
(Loss)/profit net of tax for the period	(4,442)	26,751	(5,021)	59,855
Items that may be reclassified subsequently to income statement:				
(Losses)/gains on exchange differences on translation, net of tax	(25,489)	(18,797)	(68,297)	11,036
Losses on remeasuring available-for-sale financial assets, net of tax	(297)	(297)	–	–
Share of other comprehensive income from equity-accounted associates, net of tax	(470)	(737)	(1,189)	(1,095)
Other comprehensive income for the period, net of tax	(26,256)	(19,831)	(69,486)	9,941
Total comprehensive income for the period	(30,698)	6,920	(74,507)	69,796
Attributable to:				
Owners of the Company	(12,315)	6,018	(28,651)	46,509
Non-controlling interests	(18,383)	902	(45,856)	23,287
	(30,698)	6,920	(74,507)	69,796

1(b)(i) Statements of financial position

	Group		Company	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	\$000	\$000	\$000	\$000
ASSETS				
Non-current assets				
Property, plant and equipment	162,906	359,385	23,171	23,424
Investment properties	1,858,283	1,857,542	677,250	676,572
Intangible assets	4,053	30,023	–	–
Interests in subsidiaries	–	–	1,293,326	1,343,594
Interests in associates	118,019	125,469	337	315
Interests in joint ventures	49,936	57,135	–	–
Deferred tax assets	39,466	61,981	–	–
Other investments	23,706	23,829	1,078	1,078
Total non-current assets	2,256,369	2,515,364	1,995,162	2,044,983
Current assets				
Inventories	27,533	109,103	–	–
Income tax receivables	564	638	–	–
Trade and other receivables	239,714	231,796	14,492	44,962
Gross amount due from customers for contract work	36,477	42,448	–	–
Prepayments	10,094	10,094	2,225	2,355
Properties held for sale	647,086	1,023,838	–	–
Bank balances and deposits	181,032	544,127	13,287	14,188
	1,142,500	1,962,044	30,004	61,505
Assets of disposal group classified as held for sale	638,868	2,185	–	–
Total current assets	1,781,368	1,964,229	30,004	61,505
Total assets	4,037,737	4,479,593	2,025,166	2,106,488
EQUITY AND LIABILITIES				
Equity				
Share capital	807,603	807,519	807,603	807,519
Treasury shares ⁽¹⁾	(62,313)	(62,313)	–	–
Retained earnings	1,039,328	1,078,829	747,420	785,094
Other reserves	(34,169)	6,568	3,929	3,929
Equity attributable to owners of the Company	1,750,449	1,830,603	1,558,952	1,596,542
Non-controlling interests	481,619	556,864	–	–
Total equity	2,232,068	2,387,467	1,558,952	1,596,542
Non-current liabilities				
Provisions	80,725	84,249	–	–
Deferred tax liabilities	61,428	80,388	–	–
Trade and other payables	4,797	3,166	–	–
Borrowings	757,499	829,458	150,000	250,295
Total non-current liabilities	904,449	997,261	150,000	250,295
Current liabilities				
Provisions	19,021	21,813	–	–
Income tax payable	19,427	34,976	3,701	3,206
Trade and other payables	201,421	420,843	17,589	21,545
Borrowings	508,377	614,303	294,924	234,900
Gross amount due to customers for contract work	3,952	2,364	–	–
	752,198	1,094,299	316,214	259,651
Liabilities of disposal group classified as held for sale	149,022	566	–	–
Total current liabilities	901,220	1,094,865	316,214	259,651
Total liabilities	1,805,669	2,092,126	466,214	509,946
Total equity and liabilities	4,037,737	4,479,593	2,025,166	2,106,488

⁽¹⁾ 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 30/6/2016		As at 31/12/2015	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
181,204	327,173	337,748	276,555

- (b) Amount repayable after one year

As at 30/6/2016		As at 31/12/2015	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
607,499	150,000	580,449	249,009

- (c) Details of any collaterals

The borrowings are generally secured on certain investment properties and properties held for sale and/or by fixed and floating charges over certain assets of certain subsidiaries.

1(c) Statement of cash flows

	Group			
	3 months ended		6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax from continuing operations	8,129	14,697	22,468	31,318
(Loss)/profit before tax from discontinued operation	(12,389)	13,890	(25,083)	32,050
(Loss)/profit before tax	(4,260)	28,587	(2,615)	63,368
Amortisation of intangible assets	516	564	1,121	1,124
Depreciation of property, plant and equipment	17,617	20,053	35,771	40,158
Dividend income from other investments	(487)	(713)	(663)	(1,145)
Finance costs	9,262	8,010	19,612	18,798
Gain on disposal of assets of disposal group classified as held for sale	-	-	-	(7,515)
Gain on disposal of available-for-sale financial assets	(3,888)	-	(3,888)	-
(Gain)/loss on disposal of property, plant and equipment	(781)	831	(430)	802
Loss/(gain) on disposal of subsidiaries	-	255	-	(2,446)
Impairment loss on intangible assets	-	770	-	846
Interest income	(873)	(1,147)	(2,008)	(2,363)
Property, plant and equipment (written-back)/written-off	(26)	33	56	105
Reversal of inventories write-down	(3,485)	(9,638)	(621)	(8,592)
Share-based compensation expenses	1,247	1,082	2,701	2,737
Share of profit from equity-accounted associates and joint ventures	(1,431)	(6,458)	(3,721)	(5,811)
Unrealised foreign exchange loss/(gain)	17,239	(334)	2,530	4,836
Operating cash flows before changes in working capital	30,650	41,895	47,845	104,902
Properties held for sale				
- Development expenditure	(27,371)	(35,757)	(35,293)	(106,939)
- Proceeds from progress billings	3,493	39,038	379,773	91,889
Decrease in trade and other payables and provisions	(15,241)	(10,066)	(86,528)	(81,060)
Decrease/(Increase) in trade and other receivables	18,364	(51,561)	(87,307)	5,771
(Increase)/decrease in gross amount due from customers for contract work	(1,730)	331	5,956	356
(Decrease)/increase in gross amount due to customers for contract work	(10,933)	(426)	1,588	8,008
Decrease in inventories	19,909	7,304	25,457	20,490
Cash flows from/(used in) operations	17,141	(9,242)	251,491	43,417
Income taxes paid	(3,619)	(6,951)	(17,090)	(26,509)
Interest paid	(6,524)	(7,842)	(19,776)	(23,306)
Interest received	813	891	2,092	2,163
Net cash flows from/(used in) operating activities	7,811	(23,144)	216,717	(4,235)

1(c) Statement of cash flows (continued)

	Group			
	3 months ended		6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	\$000	\$000	\$000	\$000
Cash flows from investing activities				
Acquisition of intangible assets	(230)	(543)	(369)	(883)
Acquisition of non-controlling interests	(220)	(445)	(2,903)	(551)
Change in restricted deposits	63,979	(41)	62,548	42,385
Decrease in loans to associates	-	(4,976)	-	(4,976)
Disposal/liquidation of subsidiaries, net of cash disposed of (Note A)	-	(18)	-	(8,716)
Dividends received from joint ventures	150	-	150	12,637
Dividends received from other investments	487	713	663	1,145
Decrease/(increase) in amounts due from associates and joint ventures	12,965	555	14,034	(2,246)
Investment in associates	-	-	-	(20)
Proceeds from disposal of assets of disposal group classified as held for sale	-	-	-	11,455
Proceeds from disposal of other investments	4,011	-	4,011	-
Proceeds from disposal of property, plant and equipment	858	60	1,129	192
Purchase of property, plant and equipment	(25,067)	(10,594)	(35,021)	(13,695)
Properties development expenditure	(460)	-	(833)	-
Net cash flows from/(used in) investing activities	56,473	(15,289)	43,409	36,727
Cash flows from financing activities				
(Decrease)/increase in trust receipts and bills payable	(2,280)	6,891	(1,508)	6,891
Distribution to non-controlling interests of subsidiaries from capital reduction	(12,586)	-	(12,586)	-
Dividends paid	(49,311)	(61,603)	(49,311)	(61,603)
Dividends paid to non-controlling interests of subsidiaries	(18,722)	(45,572)	(18,722)	(53,192)
Increase/(decrease) in short-term loans	16,271	21,854	(44,674)	27,715
Issuance of shares upon exercise of share options	84	44	84	53
Proceeds from issuance of medium term notes	150,000	-	150,000	-
Proceeds from long-term loans	24,352	115,959	40,026	124,098
Repayment of long-term loans	(162,069)	(157,007)	(325,925)	(175,609)
Net cash flows used in financing activities	(54,261)	(119,434)	(262,616)	(131,647)
Net increase/(decrease) in cash and cash equivalents	10,023	(157,867)	(2,490)	(99,155)
Cash and cash equivalents, beginning balance	454,912	606,513	481,579	537,818
Effect of exchange rate changes on cash and cash equivalents	(2,547)	(6,726)	(16,701)	3,257
Cash and cash equivalents, ending balance	462,388	441,920	462,388	441,920
Cash and cash equivalents comprise:				
Bank balances and deposits	181,032	509,955	181,032	509,955
Bank balances and deposits within disposal group classified as held for sale	285,638	-	285,638	-
Restricted deposits	-	(63,741)	-	(63,741)
Bank overdrafts	(4,282)	(4,294)	(4,282)	(4,294)
Cash and cash equivalents	462,388	441,920	462,388	441,920

1(c) Statement of cash flows (continued)

Note A: The net assets and liabilities arising from the disposal/liquidation of subsidiaries and the cash flow effects of the disposal/liquidation are as follows:-

	Group			
	3 months ended		6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	\$000	\$000	\$000	\$000
Property, plant and equipment	–	28	–	3,593
Intangible assets	–	–	–	1,469
Deferred tax assets	–	–	–	390
Inventories	–	1	–	356
Trade and other receivables	–	1,006	–	25,270
Bank balances and deposits	–	18	–	25,683
Income tax payables	–	(4)	–	(570)
Trade and other payables	–	(996)	–	(29,438)
Borrowings	–	–	–	(2,519)
Net assets disposed	–	53	–	24,234
Foreign currency translation reserve realised	–	202	–	376
Less: Non-controlling interests	–	–	–	(10,089)
Net (loss)/gain on disposal/liquidation	–	(255)	–	2,446
Total consideration	–	–	–	16,967
Cash and cash equivalents in subsidiaries disposed/liquidated	–	(18)	–	(25,683)
Cash flow arising from disposal/liquidation of subsidiaries	–	(18)	–	(8,716)

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
Opening balance at 1/1/2016	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864
(Loss)/profit for the period	(579)	6,942	–	–	6,942	–	(7,521)
Losses on exchange differences on translation, net of tax	(42,808)	(22,856)	–	–	–	(22,856)	(19,952)
Gains 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	(719)	(719)	–	–	–	(719)	–
Other comprehensive income for the period	(43,230)	(23,278)	–	–	–	(23,278)	(19,952)
Total comprehensive income for the period	(43,809)	(16,336)	–	–	6,942	(23,278)	(27,473)
Contributions by and distributions to owners							
Cash distribution payable to non-controlling interests	(12,586)	–	–	–	–	–	(12,586)
	(12,586)	–	–	–	–	–	(12,586)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,683)	1,169	–	–	–	1,169	(3,852)
Dilution of interests in subsidiaries	(55)	(4,673)	–	–	–	(4,673)	4,618
Employee share option scheme/ share appreciation rights: - value of employee services	1,356	707	–	–	–	707	649
Total changes in ownership interests in subsidiaries	(1,382)	(2,797)	–	–	–	(2,797)	1,415
Total transactions with owners in their capacity as owners	(13,968)	(2,797)	–	–	–	(2,797)	(11,171)
Closing balance at 31/3/2016	2,329,690	1,811,470	807,519	(62,313)	1,085,771	(19,507)	518,220

[#] 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						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares [#]	Retained earnings	Other reserves	
		\$000					
(Loss)/profit for the period	(4,442)	2,868	–	–	2,868	–	(7,310)
Losses on exchange differences on translation, net of tax	(25,489)	(14,416)	–	–	–	(14,416)	(11,073)
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	(470)	(470)	–	–	–	(470)	–
Other comprehensive income for the period	(26,256)	(15,183)	–	–	–	(15,183)	(11,073)
Total comprehensive income for the period	(30,698)	(12,315)	–	–	2,868	(15,183)	(18,383)
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	84	84	84	–	–	–	–
Dividends paid	(49,311)	(49,311)	–	–	(49,311)	–	–
Dividend paid to non-controlling interests	(18,722)	–	–	–	–	–	(18,722)
Total contributions by and distributions to owners	(67,949)	(49,227)	84	–	(49,311)	–	(18,722)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(220)	91	–	–	–	91	(311)
Dilution of interests in subsidiaries	(11)	(269)	–	–	–	(269)	258
Employee share option scheme/share appreciation rights:							
- value of employee services	1,256	699	–	–	–	699	557
Total changes in ownership interests in subsidiaries	1,025	521	–	–	–	521	504
Total transactions with owners in their capacity as owners	(66,924)	(48,706)	84	–	(49,311)	521	(18,218)
Closing balance at 30/6/2016	2,232,068	1,750,449	807,603	(62,313)	1,039,328	(34,169)	481,619

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
Opening balance at 1/1/2015	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348
Profit for the period	33,104	24,985	–	–	24,985	–	8,119
Gains on exchange differences on translation, net of tax	29,833	15,567	–	–	–	15,567	14,266
Gains 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	(358)	(358)	–	–	–	(358)	–
Other comprehensive income for the period	29,772	15,506	–	–	–	15,506	14,266
Total comprehensive income for the period	62,876	40,491	–	–	24,985	15,506	22,385
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	9	9	9	–	–	–	–
Total contributions by and distributions to owners	9	9	9	–	–	–	–
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(106)	46	–	–	–	46	(152)
Dilution of interests in subsidiaries	3	(565)	–	–	–	(565)	568
Disposal of interests in subsidiaries	(10,089)	–	–	–	–	–	(10,089)
Employee share option scheme/share appreciation rights:							
- value of employee services	1,641	913	–	–	–	913	728
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	1,588	(1,588)	–
Total changes in ownership interests in subsidiaries	(8,551)	394	–	–	1,588	(1,194)	(8,945)
Total transactions with owners in their capacity as owners	(8,542)	403	9	–	1,588	(1,194)	(8,945)
Closing balance at 31/3/2015	2,434,528	1,844,740	807,279	(62,313)	1,064,430	35,344	589,788

[#] 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						Non-controlling interests
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares [#]	Retained earnings	Other reserves	
Profit for the period	26,751	17,551	–	–	17,551	–	9,200
Losses on exchange differences on translation, net of tax	(18,797)	(10,499)	–	–	–	(10,499)	(8,298)
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	(737)	(737)	–	–	–	(737)	–
Other comprehensive income for the period	(19,831)	(11,533)	–	–	–	(11,533)	(8,298)
Total comprehensive income for the period	6,920	6,018	–	–	17,551	(11,533)	902
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	44	44	44	–	–	–	–
Dividends paid	(61,603)	(61,603)	–	–	(61,603)	–	–
Dividend paid to non-controlling interests	(45,572)	–	–	–	–	–	(45,572)
Total contributions by and distributions to owners	(107,131)	(61,559)	44	–	(61,603)	–	(45,572)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(445)	183	–	–	–	183	(628)
Dilution of interests in subsidiaries	(6)	(574)	–	–	–	(574)	568
Employee share option scheme/share appreciation rights:							
- value of employee services	1,106	629	–	–	–	629	477
Total changes in ownership interests in subsidiaries	655	238	–	–	–	238	417
Total transactions with owners in their capacity as owners	(106,476)	(61,321)	44	–	(61,603)	238	(45,155)
Closing balance at 30/6/2015	<u>2,334,972</u>	<u>1,789,437</u>	<u>807,323</u>	<u>(62,313)</u>	<u>1,020,378</u>	<u>24,049</u>	<u>545,535</u>

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

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

COMPANY

	<u>Total equity</u>	<u>Share capital</u>	<u>Retained earnings</u>	<u>Other reserves</u>
	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
Opening balance at 1/1/2016	1,596,542	807,519	785,094	3,929
Profit for the period	6,357	–	6,357	–
Total comprehensive income for the period	6,357	–	6,357	–
Closing balance at 31/3/2016	1,602,899	807,519	791,451	3,929
Profit for the period	7,017	–	7,017	–
Total comprehensive income for the period	7,017	–	7,017	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	84	84	–	–
Dividends paid	(51,048)	–	(51,048)	–
Total transactions with owners in their capacity as owners	(50,964)	84	(51,048)	–
Closing balance at 30/6/2016	1,558,952	807,603	747,420	3,929
Opening balance at 1/1/2015	1,612,707	807,270	795,743	9,694
Profit for the period	10,738	–	10,738	–
Total comprehensive income for the period	10,738	–	10,738	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	9	9	–	–
Total transactions with owners in their capacity as owners	9	9	–	–
Closing balance at 31/3/2015	1,623,454	807,279	806,481	9,694
Profit for the period	2,330	–	2,330	–
Total comprehensive income for the period	2,330	–	2,330	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	44	44	–	–
Dividends paid	(63,774)	–	(63,774)	–
Total transactions with owners in their capacity as owners	(63,730)	44	(63,774)	–
Closing balance at 30/6/2015	1,562,054	807,323	745,037	9,694

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

During Q2 2016, the Company issued 47,890 ordinary shares arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

During the first 6 months of 2016, the Company issued 47,890 ordinary shares arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 30 June 2016, there were 595,564 (30 June 2015: 1,076,272) unexercised options for ordinary shares under Scheme 2000.

Deemed treasury shares arising from acquisition of WBL Corporation Limited (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.

With effect from July 2015 and under the Singapore Companies (Amendment) Act 2014, WBL is permitted to maintain its shareholding in UEL, subject to certain restrictions.

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 2016, the Company's issued and paid-up ordinary share capital (including the 21,712,000 ordinary stock units held by WBL) was 637,276,493 ordinary stock units (31 December 2015: 637,228,603).

As at 30 June 2016, the Group's issued and paid-up ordinary share capital (excluding the 21,712,000 ordinary stock units held by WBL) was 615,564,493 ordinary stock units (31 December 2015: 615,516,603).

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 2015.

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 amendments to the FRS that are effective for annual financial periods beginning on or after 1 January 2016.

Amendments to FRS 1 Disclosure Initiative
 Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
 Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
 Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception
 Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
 Improvements to FRSs (November 2014)
 (a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
 (b) Amendments to FRS 107 Financial Instruments: Disclosures

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

6 Earnings per stock unit (cents)

	3 months ended		6 months ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
(a) Basic*:	0.4	2.8	1.5	6.7
(b) Diluted**:	0.4	2.8	1.5	6.7
<u>Continuing operations</u>				
(a) Basic*:	1.2	1.7	3.2	4.4
(b) Diluted**:	1.2	1.7	3.2	4.4
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	637,276,493	637,100,895	637,252,548	637,086,232
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	<u>637,309,844</u>	<u>637,248,273</u>	<u>637,294,887</u>	<u>637,255,826</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	
	30/6/2016	31/12/2015	30/6/2016	31/12/2015
Net asset per ordinary stock unit based on the total number of issued shares	<u>\$2.84⁽¹⁾</u>	<u>\$2.97⁽¹⁾</u>	<u>\$2.45</u>	<u>\$2.51</u>

⁽¹⁾ 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

At an Extraordinary General Meeting held on 8 June 2016, the shareholders of the Company approved the proposed disposal (the "Proposed Transaction") of Multi-Fineline Electronix, Inc. ("MFLEX") and its subsidiaries to Suzhou Dongshan Precision Manufacturing Co., Ltd.. On 27 July 2016, the Group announced the completion of the Proposed Transaction and MFLEX and its subsidiaries have thereafter ceased to be subsidiaries of the Company.

In accordance with FRS 105, Non-current Assets Held for Sale and Discontinued Operations, the results of MFLEX and its subsidiaries have been presented separately on the consolidated income statement as Discontinued Operation. As a result, the Group's Manufacturing division now principally comprises the precision engineering and electronic manufacturing services businesses in China.

Q2 2016 compared with Q2 2015

Revenue decreased 46% to \$142.2 million in Q2 2016 from \$263.0 million in Q2 2015. This was mainly due to lower revenue from property development arising from the completion of *Eight Riversuites*. As a result, gross profit decreased 11% to \$45.3 million in Q2 2016.

Other income increased to \$5.8 million in Q2 2016 from \$1.7 million in Q2 2015 mainly due to a gain of \$3.9 million from the disposal of an available-for-sale financial asset.

Distribution costs increased 13% to \$7.1 million in Q2 2016 from \$6.3 million in Q2 2015 mainly due to higher selling and marketing expenses for property development in China.

Finance costs increased 16% to \$9.1 million in Q2 2016 from \$7.9 million in Q2 2015 mainly due to higher interest rates.

Other expenses decreased 25% to \$2.5 million in Q2 2016 from \$3.3 million in Q2 2015 mainly due to absence of impairment charges on intangible assets of \$0.8 million recorded in Q2 2015.

Share of profit from equity-accounted associates and joint ventures decreased 78% to \$1.4 million in Q2 2016 from \$6.5 million in Q2 2015. The higher share of profit in Q2 2015 was mainly due to a disposal gain recorded by a joint venture in Malaysia.

Income tax expense decreased 88% to \$0.5 million in Q2 2016 from \$3.9 million in Q2 2015 mainly due to lower taxable operating profit.

6 months 2016 (6M 2016) compared with 6 months 2015 (6M 2015)

Revenue decreased 42% to \$333.7 million in 6M 2016 from \$576.0 million in 6M 2015 mainly due to lower revenue from property development arising from the completion of *Eight Riversuites*. As a result, gross profit decreased 8% to \$101.3 million in 6M 2016.

Distribution costs increased 15% to \$14.2 million in 6M 2016 from \$12.3 million in 6M 2015 mainly due to higher selling and marketing expenses for property development in China.

Administrative expenses decreased 10% to \$52.2 million in 6M 2016 from \$57.9 million in 6M 2015 mainly due to lower staff and related costs.

Other expenses decreased 10% to \$4.4 million in 6M 2016 from \$4.9 million in 6M 2015 mainly due to absence of impairment charges on intangible assets recorded in 6M 2015.

Share of profit from equity-accounted associates and joint ventures decreased 36% to \$3.7 million in 6M 2016 from \$5.8 million in 6M 2015. The higher share of profit in 6M 2015 was mainly due to a disposal gain recorded by a joint venture in Malaysia.

Income tax expense decreased 41% to \$2.1 million in 6M 2016 from \$3.6 million in 6M 2015 mainly due to lower taxable operating profit.

The Group's attributable profit on continuing operations decreased 25% to \$8.0 million in Q2 2016 from \$10.7 million in Q2 2015. For 6M 2016, attributable profit on continuing operations decreased 26% to \$20.6 million in 6M 2016 from \$27.9 million in 6M 2015.

The Group recorded attributable comprehensive loss of \$12.3 million in Q2 2016 and \$28.7 million in 6M 2016 mainly due to the unrealised foreign exchange losses arising from the translation of its net investment in foreign subsidiaries because of the unfavourable movement of US Dollars and Renminbi against Singapore Dollars.

Financial position review

- Property, plant and equipment, intangible assets, deferred tax assets, inventories and bank balance and deposits declined by \$196 million, \$26 million, \$23 million, \$82 million and \$363 million respectively mainly due to the reclassification of assets relating to MFLEX and its subsidiaries as well as the environmental engineering businesses in China to assets of disposal group classified as held for sale.
- The increase in "Assets and Liabilities of disposal group classified as held for sale" is mainly due to the reclassification of the respective assets and liabilities of certain disposal groups arising from the Group's announcements of the disposals of interests in the environmental engineering businesses in China as well as MFLEX and its subsidiaries.
- Properties held for sale decreased by \$377 million mainly due to the completion of the *Eight Riversuites*.
- Other reserves decreased by \$41 million mainly due to translation loss from net investment in foreign operations.

Cash flow review

As at 30 June 2016, the Group had cash and cash equivalents of \$462 million. In 6M 2016, the Company issued a \$150 million note pursuant to the \$1 billion Multicurrency Term Note Programme. Separately, the Group utilised \$68 million for dividends payments and \$326 million for the repayment of external bank borrowings. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2015 to 30 June 2016 were mainly the result of the Group's other ongoing operations.

Operation review

Property Rental & Services

Revenue decreased 4% to \$33.3 million in Q2 2016 from \$34.7 million in Q2 2015 and 2% to \$67.2 million in 6M 2016 from \$68.6 million in 6M 2015. Operating profit before interest decreased 8% to \$17.6 million in Q2 2016 from \$19.2 million in Q2 2015. The higher operating profit in Q2 2015 was mainly due to the write-back of excess provision for staff and related costs. Operating profit before interest increased 6% to \$35.8 million in 6M 2016 from \$33.8 million in 6M 2015 mainly due to lower staff and related costs in 6M 2016.

Property Development

Revenue decreased 94% to \$7.6 million in Q2 2016 from \$119.0 million in Q2 2015 and 82% to \$51.3 million in 6M 2016 from \$292.8 million in 6M 2015, mainly due to lower revenue recognition from the property sales at *Eight Riversuites*. Operating loss before interest was \$3.6 million in Q2 2016 and \$4.0 million in 6M 2016 compared with operating profit of \$2.8 million in Q2 2015 and \$9.8 million in 6M 2015 respectively mainly due to lower revenue and higher operating expenses incurred by the China operations.

Engineering & Distribution

Revenue decreased 4% to \$64.1 million in Q2 2016 from \$67.0 million in Q2 2015 but increased 13% to \$141.3 million in 6M 2016 from \$124.8 million in 6M 2015 mainly due to higher contribution from the environmental engineering business. Operating loss before interest reduced to \$0.6 million in Q2 2016 from \$1.3 million in Q2 2015. Operating profit before interest increased 65% to \$4.3 million in 6M 2016 from \$2.6 million in 6M 2015 mainly due to improved contribution from the distribution businesses.

Manufacturing

Revenue decreased 11% to \$22.1 million in Q2 2016 from \$24.9 million in Q2 2015 and 11% to \$44.5 million in 6M 2016 from \$49.9 million in 6M 2015. Operating profit before interest was \$1.9 million in Q2 2016 and \$3.7 million in 6M 2016 compared with operating loss of \$0.8 million in Q2 2015 and \$1.9 million in 6M 2015 mainly due to improved manufacturing efficiency and cost control in its operations in China.

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 2016 results are in line with the statement made in paragraph 10 of the Company's Q1 2016 results announcement on 11 May 2015.

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 global economic slowdown and the weaker economic prospects in Singapore coupled with the sustained impact of the property cooling measures will continue to weigh on the sentiment of the property markets in Singapore. The Group's China Property division is likely to continue to face challenging operating conditions against the backdrop of slower economic growth and patchy demand in the property market in China. 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. Rental income from the Group's portfolio of investment properties will help reduce this volatility but the Group is likely to face some downward pressure on rental income in Singapore given the growing supply of office, industrial and retail space amid softening demand.

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.

13 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.

The Company has obtained a general mandate from shareholders for interested person transactions (IPTs) at the Annual General Meeting held on 29 April 2016. There was no IPT with amount exceeding \$100,000 for the period ended 30 June 2016.

14 Confirmation that the Issuer has procured undertaking from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD
Tan Swee Hong
Secretary
12 August 2016

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 2016 and 6M 2016 financial results to be false or misleading in any material aspect.

On behalf of the Board,

.....
TAN NGIAP JOO
Chairman

.....
NORMAN IP KA CHEUNG
Group Managing Director