

Q2 2012 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q2 AND HALF YEAR RESULTS

These figures have not been audited.

1(a)(i) Income statement for the second quarter ended:

	Group					
	3 months ended			6 months ended		
	30/6/2012	30/6/2011	Change	30/6/2012	30/6/2011	Change
	\$000	\$000	%	\$000	\$000	%
Revenue*	144,057	137,184	5	260,875	326,307	(20)
Cost of sales	(102,884)	(78,092)	32	(184,142)	(211,057)	(13)
Gross profit	41,173	59,092	(30)	76,733	115,250	(33)
<u>Other items of income</u>						
Interest income	808	483	67	1,636	948	73
Other income	938	3,101	(70)	2,468	3,807	(35)
<u>Other items of expense</u>						
Distribution costs	(3,212)	(3,497)	(8)	(6,251)	(6,396)	(2)
Administrative expenses	(21,700)	(15,108)	44	(36,186)	(32,986)	10
Finance costs	(3,905)	(3,185)	23	(7,293)	(4,423)	65
Other expenses	(3,785)	(3,094)	22	(6,601)	(10,917)	(40)
Operating profit	10,317	37,792	(73)	24,506	65,283	(63)
Share of profit from equity-accounted associates and joint ventures	1,825	1,316	39	2,944	2,288	29
Profit before tax	12,142	39,108	(69)	27,450	67,571	(59)
Income tax expense	(2,262)	(4,841)	(53)	(6,662)	(11,441)	(42)
Profit net of tax	9,880	34,267	(71)	20,788	56,130	(63)
Attributable to:						
Owners of the Company	7,429	31,519	(76)	17,171	51,089	(66)
Non-controlling interests	2,451	2,748	(11)	3,617	5,041	(28)
	9,880	34,267	(71)	20,788	56,130	(63)
Earnings per stock unit (cents)						
Basic	2.5¢	11.4¢		5.9¢	18.7¢	
Diluted	2.4¢	10.0¢		5.6¢	16.3¢	

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

	Group					
	3 months ended			6 months ended		
	30/6/2012	30/6/2011	Change	30/6/2012	30/6/2011	Change
	\$000	\$000	%	\$000	\$000	%
* Revenue comprises:						
Sales of goods	8,676	4,930	76	18,202	12,013	52
Sales of properties held for sale	–	39,839	(100)	–	117,407	(100)
Rendering of services	23,825	21,602	10	48,407	44,317	9
Revenue from construction contracts	90,430	52,380	73	152,956	115,923	32
Rental income	20,826	18,237	14	41,010	36,221	13
Dividend income	300	196	53	300	426	(30)
Total revenue	144,057	137,184	5	260,875	326,307	(20)

1(a)(ii) Other information:

	Group			
	3 months ended		6 months ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	\$000	\$000	\$000	\$000
Allowance for doubtful trade and other receivables	(356)	(183)	(356)	(334)
Allowance for doubtful trade and other receivables written back	249	503	344	1,090
Depreciation and amortisation	(3,453)	(2,507)	(6,622)	(4,970)
Foreign exchange loss	(549)	(2,460)	(2,766)	(3,927)
Gain on disposal of investment properties	–	2,500	–	2,500
Loss on held for trading investments	(897)	(265)	(118)	(1,103)
Over provision of prior years tax	–	2,800	–	2,800

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

	Group			
	3 months ended		6 months ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	\$000	\$000	\$000	\$000
Profit net of tax for the period	9,880	34,267	20,788	56,130
Other comprehensive income				
Gains/(losses) on exchange differences on translation, net of tax	182	(695)	1,123	751
(Losses)/gains on remeasuring available-for-sale investments, net of tax	(466)	(1,708)	652	(2,175)
Share of other comprehensive income from equity-accounted associates, net of tax	(3,636)	(11,472)	5,802	(8,766)
Gains on cash flow hedges, net of tax	–	197	–	378
Other comprehensive income for the period, net of tax	(3,920)	(13,678)	7,577	(9,812)
Total comprehensive income for the period	5,960	20,589	28,365	46,318
Attributable to:				
Owners of the Company	3,438	18,076	24,701	41,302
Non-controlling interests	2,522	2,513	3,664	5,016
	5,960	20,589	28,365	46,318

1(b)(i) Statements of financial position

	Group		Company	
	30/6/2012 \$000	31/12/2011 \$000	30/6/2012 \$000	31/12/2011 \$000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	82,110	81,202	26,898	27,800
Properties development costs	77,941	45,167	–	–
Investment properties	1,257,385	1,242,806	669,821	669,000
Intangible assets	25,647	26,170	–	–
Investments in subsidiaries	–	–	542,593	448,374
Investments in associates	54,812	48,424	315	315
Investments in joint ventures	98,368	51,743	–	–
Deferred tax assets	1,391	1,391	–	–
Trade and other receivables	14,064	23,045	–	–
Other investments	6,970	6,970	6,871	6,871
Total non-current assets	1,618,688	1,526,918	1,246,498	1,152,360
<u>Current assets</u>				
Inventories	5,805	7,516	–	–
Income tax receivables	63	51	–	–
Trade and other receivables	297,724	301,915	34,130	26,743
Other investments	10,237	9,703	–	–
Gross amount due from customers for contract work	17,859	16,252	–	–
Prepayments	4,386	4,286	3,009	3,032
Properties held for sale	781,393	759,624	–	–
Bank balances and deposits	430,873	453,278	37,626	20,252
Total current assets	1,548,340	1,552,625	74,765	50,027
Total assets	3,167,028	3,079,543	1,321,263	1,202,387
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share capital	317,504	300,898	317,504	300,898
Retained earnings	801,290	828,294	510,031	480,234
Other reserves	62,739	55,131	24,017	23,939
Equity attributable to owners of the Company	1,181,533	1,184,323	851,552	805,071
Non-controlling interests	53,386	54,724	–	–
Total equity	1,234,919	1,239,047	851,552	805,071
<u>Non-current liabilities</u>				
Deferred tax liabilities	30,946	24,614	366	660
Trade and other payables	6,968	9,835	–	–
Borrowings	1,164,288	1,157,433	421,742	285,618
Total non-current liabilities	1,202,202	1,191,882	422,108	286,278
<u>Current liabilities</u>				
Provisions	–	790	–	–
Income tax payable	39,673	66,707	5,482	7,191
Trade and other payables	373,027	379,874	15,533	20,480
Borrowings	281,756	176,394	26,588	83,367
Gross amount due to customers for contract work	35,451	24,849	–	–
Total current liabilities	729,907	648,614	47,603	111,038
Total liabilities	1,932,109	1,840,496	469,711	397,316
Total equity and liabilities	3,167,028	3,079,543	1,321,263	1,202,387

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 30/6/2012		As at 31/12/2011	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
182,641	99,115	12,565	163,829

- (b) Amount repayable after one year

As at 30/6/2012		As at 31/12/2011	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
782,169	382,119	888,966	268,467

- (c) Details of any collaterals

Property, plant & equipment and investment properties amounting to \$31,000 (31 December 2011: \$989,000) and \$553,730,000 (31 December 2011: \$539,888,000) respectively have been mortgaged to secure borrowings and term loan facilities of certain subsidiaries. Properties held for sale amounting to \$843,279,000 (31 December 2011: \$795,090,000) have also been mortgaged to secure term loan facilities of certain subsidiaries. A term loan facility of the Company was secured by a first fixed charge of 100% shareholding in a wholly owned subsidiary, UE Orchard Pte Ltd as well as assignments of the shareholder's loans, insurances, development documents, project documents and bank accounts.

1(c) Statement of cash flows

	Group			
	3 months ended		6 months ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	\$000	\$000	\$000	\$000
Cash flows from operating activities				
Profit before tax	12,142	39,108	27,450	67,571
Depreciation of property, plant and equipment	3,187	2,305	6,099	4,531
Interest income	(808)	(483)	(1,636)	(948)
Finance costs	3,905	3,185	7,293	4,423
Amortisation of intangible assets	266	202	523	439
Currency realignment	(1,871)	(3,068)	(1,889)	(5,016)
Dividend income from other investment	(300)	(196)	(300)	(426)
Gain on disposal of investment properties	-	(2,500)	-	(2,500)
Gain on disposal of property, plant and equipment	(21)	(351)	(32)	(435)
Loss on held for trading investments	897	265	118	1,103
Impairment loss on properties held for sale	-	-	-	1,129
(Reversal of write-down)/write-down of Inventories	(29)	32	(19)	41
Share of profit from equity-accounted associates and joint ventures	(1,825)	(1,316)	(2,944)	(2,288)
Unrealised exchange loss	2,049	2,291	3,652	3,703
Operating cash flows before changes in working capital	17,592	39,474	38,315	71,327
Changes in working capital				
Properties held for sale				
- Development expenditure	(9,667)	(206,251)	(37,271)	(241,911)
- Proceeds from progress billings	13,868	31,680	22,009	92,868
Increase/(decrease) in trade and other payables and provisions	3,736	(2,696)	(12,712)	(5,923)
Decrease in trade and other receivables	48,389	3,495	13,223	8,064
(Increase)/decrease in gross amount due from customers for contract work	(1,826)	11,919	(1,024)	20,970
(Decrease)/increase in gross amount due to customers for contract work	(5,700)	(1,759)	10,602	4,787
Decrease/(increase) in inventories	4,520	(955)	3,499	(2,005)
Cash flows from/(used in) operations	70,912	(125,093)	36,641	(51,823)
Income taxes paid	(24,531)	(8,174)	(26,663)	(11,291)
Interest paid	(5,363)	(1,184)	(13,579)	(4,697)
Interest received	767	480	1,599	973
Net cash flows from/(used in) operating activities	41,785	(133,971)	(2,002)	(66,838)

1(c) Statement of cash flows (continued)

	Group			
	3 months ended		6 months ended	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	\$000	\$000	\$000	\$000
Cash flows from investing activities				
Acquisition of intangible assets	(386)	(603)	(386)	(989)
(Increase)/decrease in amounts due from associates and joint ventures	(914)	(300)	(1,486)	86
Increase in loans to joint ventures	(37,950)	–	(40,173)	–
Investment in joint venture	(3,000)	–	(3,000)	–
Dividends received from other investments	300	196	300	426
Proceeds from disposal of property, plant and equipment	1,449	1,628	3,597	2,559
Proceeds from disposal of investment properties	–	11,052	–	12,470
Purchase of property, plant and equipment	(8,462)	(7,466)	(13,295)	(9,968)
Subsequent properties development expenditure	(26,885)	(26,695)	(45,970)	(59,041)
Net cash flows used in investing activities	(75,848)	(22,188)	(100,413)	(54,457)
Cash flows from financing activities				
Contribution from non-controlling interests	–	–	150	–
Increase/(decrease) in trust receipts and bills payable	1,621	(1,037)	661	(107)
Dividends paid	(44,175)	(27,649)	(44,175)	(27,648)
Dividends paid to non-controlling interests of subsidiaries	(5,152)	–	(5,152)	–
Increase/(decrease) in short-term loans	12,313	142,383	(35,591)	142,982
Issuance of shares upon exercise of share options	610	238	825	558
Net proceeds from dilution of interests in subsidiaries	–	–	–	31,937
Proceeds from issue of medium term notes	–	–	150,000	–
Proceeds from long-term loans	47,332	39,090	120,669	77,033
Repayment of long-term loans	(10,509)	(30,331)	(100,133)	(61,355)
Net cash flows from financing activities	2,040	122,694	87,254	163,400
Net (decrease)/increase in cash and cash equivalents	(32,023)	(33,465)	(15,161)	42,105
Cash and cash equivalents, beginning balance	456,028	328,559	439,166	252,989
Cash and cash equivalents, ending balance	424,005	295,094	424,005	295,094
Cash and cash equivalents comprise:				
Bank balances and deposits	430,873	306,245	430,873	306,245
Bank overdrafts	(6,868)	(11,151)	(6,868)	(11,151)
Cash and cash equivalents	424,005	295,094	424,005	295,094

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

The Group	Attributable to owners of the Company								
	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	AFS reserve	Share option reserve	Translation reserve	Other reserves	Non-controlling interests
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2012	1,239,047	1,184,323	300,898	828,294	33,980	4,081	(4,875)	21,945	54,724
Profit for the period	10,908	9,742	–	9,742	–	–	–	–	1,166
Gains/(losses) on exchange differences on translation, net of tax	941	965	–	–	–	–	965	–	(24)
Gains on remeasuring available-for-sale financial assets, net of tax	1,118	1,118	–	–	1,118	–	–	–	–
Share of other comprehensive income from equity-accounted associate, net of tax	9,438	9,438	–	–	9,438	–	–	–	–
Other comprehensive income for the period	11,497	11,521	–	–	10,556	–	965	–	(24)
Total comprehensive income for the period	22,405	21,263	–	9,742	10,556	–	965	–	1,142
Contributions by and distributions to owners									
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	4,675	4,675	4,675	–	–	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	215	215	215	–	–	–	–	–	–
Equity portion of convertible bonds	23	23	–	–	–	–	–	23	–
Total contributions by and distributions to owners in their capacity as owners	4,913	4,913	4,890	–	–	–	–	23	–
Changes in ownership interests in subsidiaries									
Contribution from non-controlling interests	150	–	–	–	–	–	–	–	150
Total changes in ownership interests in subsidiaries	150	–	–	–	–	–	–	–	150
Total transactions with owners in their capacity as owners	5,063	4,913	4,890	–	–	–	–	23	150
Closing balance at 31/3/2012	1,266,515	1,210,499	305,788	838,036	44,536	4,081	(3,910)	21,968	56,016
Profit for the period	9,880	7,429	–	7,429	–	–	–	–	2,451
Gains on exchange differences on translation, net of tax	182	111	–	–	–	–	111	–	71
Losses on remeasuring available-for-sale financial assets, net of tax	(466)	(466)	–	–	(466)	–	–	–	–
Share of other comprehensive income from equity-accounted associate, net of tax	(3,636)	(3,636)	–	–	(3,636)	–	–	–	–
Other comprehensive income for the period	(3,920)	(3,991)	–	–	(4,102)	–	111	–	71
Total comprehensive income for the period	5,960	3,438	–	7,429	(4,102)	–	111	–	2,522

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

The Group

Attributable to owners of the Company

	Attributable to owners of the Company								
	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	AFS reserve	Share option reserve	Translation reserve	Other reserves	Non-controlling interests
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Contributions by and distributions to owners									
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	11,106	11,106	11,106	-	-	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	610	610	610	-	-	-	-	-	-
Equity portion of convertible bonds	55	55	-	-	-	-	-	55	-
Dividends paid	(49,327)	(44,175)	-	(44,175)	-	-	-	-	(5,152)
Total transactions with owners in their capacity as owners	(37,556)	(32,404)	11,716	(44,175)	-	-	-	55	(5,152)
Closing balance at 30/6/2012	1,234,919	1,181,533	317,504	801,290	40,434	4,081	(3,799)	22,023	53,386

1(d)(i) Statements of Changes in Equity (continued)
The Group
Attributable to owners of the Company

	Attributable to owners of the Company								
	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	AFS reserve	Share option reserve	Translation reserve	Other reserves	Non-controlling interests
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2011	920,973	922,063	273,902	592,944	42,354	4,081	(8,317)	17,099	(1,090)
Profit for the period	21,863	19,570	–	19,570	–	–	–	–	2,293
Gains on exchange differences on translation, net of tax	1,446	1,236	–	–	–	–	1,236	–	210
Losses on remeasuring available-for-sale financial assets, net of tax	(467)	(467)	–	–	(467)	–	–	–	–
Gains on cash flow hedges, net of tax	181	181	–	–	–	–	–	181	–
Share of other comprehensive income from equity-accounted associate, net of tax	2,706	2,706	–	–	2,706	–	–	–	–
Other comprehensive income for the period	3,866	3,656	–	–	2,239	–	1,236	181	210
Total comprehensive income for the period	25,729	23,226	–	19,570	2,239	–	1,236	181	2,503
Contributions by and distributions to owners									
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	10,345	10,345	10,345	–	–	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	320	320	320	–	–	–	–	–	–
Equity portion of convertible bonds	112	112	–	–	–	–	–	112	–
Total contributions by and distributions to owners in their capacity as owners	10,777	10,777	10,665	–	–	–	–	112	–
Changes in ownership interests in subsidiaries									
Dilution of interests in subsidiaries	31,937	3,815	–	–	–	–	–	3,815	28,122
Total changes in ownership interests in subsidiaries	31,937	3,815	–	–	–	–	–	3,815	28,122
Total transactions with owners in their capacity as owners	42,714	14,592	10,665	–	–	–	–	3,927	28,122
Closing balance at 31/3/2011	989,416	959,881	284,567	612,514	44,593	4,081	(7,081)	21,207	29,535
Profit for the period	34,267	31,519	–	31,519	–	–	–	–	2,748
Losses on exchange differences on translation, net of tax	(695)	(460)	–	–	–	–	(460)	–	(235)
Losses on remeasuring available-for-sale financial assets, net of tax	(1,708)	(1,708)	–	–	(1,708)	–	–	–	–
Gains on cash flow hedges, net of tax	197	197	–	–	–	–	–	197	–
Share of other comprehensive income from equity-accounted associate, net of tax	(11,472)	(11,472)	–	–	(11,472)	–	–	–	–
Other comprehensive income for the period	(13,678)	(13,443)	–	–	(13,180)	–	(460)	197	(235)
Total comprehensive income for the period	20,589	18,076	–	31,519	(13,180)	–	(460)	197	2,513

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

The Group

Attributable to owners of the Company

	Attributable to owners of the Company								
	Total equity	Equity attributable to owners of the Company	Share capital	Retained earnings	AFS reserve	Share option reserve	Translation reserve	Other reserves	Non-controlling interests
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Contributions by and distributions to owners									
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	8,206	8,206	8,206	-	-	-	-	-	-
Ordinary shares issued on exercise of share options converted into ordinary stocks	238	238	238	-	-	-	-	-	-
Equity portion of convertible bonds	89	89	-	-	-	-	-	89	-
Dividends paid	(27,648)	(27,648)	-	(27,648)	-	-	-	-	-
Total transactions with owners in their capacity as owners	(19,115)	(19,115)	8,444	(27,648)	-	-	-	89	-
Closing balance at 30/6/2011	990,890	958,842	293,011	616,385	31,413	4,081	(7,541)	21,493	32,048

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

The Company

	Total equity	Share capital	Retained earnings	AFS reserve	Share option reserve	Other reserves
	\$000	\$000	\$000	\$000	\$000	\$000
Opening balance at 1/1/2012	805,071	300,898	480,234	5,349	4,081	14,509
Profit for the period	46,519	–	46,519	–	–	–
Total comprehensive income for the period	46,519	–	46,519	–	–	–
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	4,675	4,675	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	215	215	–	–	–	–
Equity portion of convertible bonds	23	–	–	–	–	23
Total transactions with owners in their capacity as owners	4,913	4,890	–	–	–	23
Closing balance at 31/3/2012	856,503	305,788	526,753	5,349	4,081	14,532
Profit for the period	27,453	–	27,453	–	–	–
Total comprehensive income for the period	27,453	–	27,453	–	–	–
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	11,106	11,106	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	610	610	–	–	–	–
Equity portion of convertible bonds	55	–	–	–	–	55
Dividends paid	(44,175)	–	(44,175)	–	–	–
Total transactions with owners in their capacity as owners	(32,404)	11,716	(44,175)	–	–	55
Closing balance at 30/6/2012	851,552	317,504	510,031	5,349	4,081	14,587
Opening balance at 1/1/2011	750,879	273,902	453,580	5,091	4,081	14,225
Profit for the period	3,523	–	3,523	–	–	–
Total comprehensive income for the period	3,523	–	3,523	–	–	–
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	10,345	10,345	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	320	320	–	–	–	–
Equity portion of convertible bonds	112	–	–	–	–	112
Total transactions with owners in their capacity as owners	10,777	10,665	–	–	–	112
Closing balance at 31/3/2011	765,179	284,567	457,103	5,091	4,081	14,337
Profit for the period	55,561	–	55,561	–	–	–
Other comprehensive income for the period	351	–	–	351	–	–
Total comprehensive income for the period	55,912	–	55,561	351	–	–
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	8,206	8,206	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	238	238	–	–	–	–
Equity portion of convertible bonds	89	–	–	–	–	89
Dividends paid	(27,648)	–	(27,648)	–	–	–
Total transactions with owners in their capacity as owners	(19,115)	8,444	(27,648)	–	–	89
Closing balance at 30/6/2011	801,976	293,011	485,016	5,442	4,081	14,426

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

During Q2 2012, the Company issued 8,800,897 ordinary shares on conversion of \$11,793,206 convertible bonds and 399,600 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 12,534,720 ordinary shares on conversion of \$16,796,530 convertible bonds and 557,000 ordinary shares arising from the exercising of the options under the Scheme 2000.

As at 30 June 2012, there were 4,542,950 (30 June 2011: 5,506,250) unexercised options for ordinary shares under Scheme 2000 and \$33,598,621 (30 June 2011: \$58,755,512) convertible bonds which are convertible into 25,073,598 (30 June 2011: 43,847,397) shares at the conversion price of \$1.34 per share.

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

As at 30 June 2012, the Company's issued and paid-up ordinary share capital excluding treasury shares was 297,275,123 ordinary stock units (31 December 2011: 284,183,403).

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

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

2 Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Group's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

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

Other than as mentioned in 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 2011.

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 Financial Reporting Standards ("FRS") that are effective for annual financial periods beginning on or after 1 July 2011.

The following is the amended FRS that is relevant to the Group:

Amendments to FRS 107 Disclosures – Transfers of Financial Assets

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	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
(a) Basic*:	2.5¢	11.4¢	5.9¢	18.7¢
(b) Diluted**:	2.4¢	10.0¢	5.6¢	16.3¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	294,731,024	276,416,686	290,471,914	272,113,676
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	320,518,950	321,244,556	316,221,363	317,085,367

* 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	
	30/6/2012	31/12/2011	30/6/2012	31/12/2011
Net asset per ordinary stock unit based on the total number of issued shares	\$3.97	\$4.17	\$2.86	\$2.84

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Overview

The Group's core businesses comprise Property Development, Property Rental & Services and Engineering & Construction.

Q2 2012 compared with Q2 2011 performance

Revenue increased 5% from \$137.2 million in Q2 2011 to \$144.1 million mainly due to the maiden rental contribution from *The Rochester Mall* and *Park Avenue Rochester* in 2012 and revenue contribution from the construction of *Prime Minister's Office Building Complex* in Brunei, offset by no revenue contribution in Q2 2012 from *The Rochester* which was completed in 2011. Gross profit dropped 30% from \$59.1 million in Q2 2011 to \$41.2 million mainly due to the absence of profit contribution from property sales at *The Rochester* in Q2 2012. Accordingly, gross profit percentage dropped to 28.6% compared with 43.1% in Q2 2011.

Other income decreased 70% from \$3.1 million in Q2 2011 to \$0.9 million mainly due to the absence of the gain on disposal of investment properties at Tanjong Pagar recorded in Q2 2011.

Administrative expenses increased 44% from \$15.1 million in Q2 2011 to \$21.7 million mainly due to higher staff and operating costs arising from the commencement of operation of *The Rochester Mall* and *Park Avenue Rochester* in Q4 2011. The lower expense in Q2 2011 was also due to the write-back of excess provision of \$4.0 million for FY 2010 staff costs in Q2 2011.

Finance costs increased 23% from \$3.2 million in Q2 2011 to \$3.9 million mainly due to the accounting treatment to cease the capitalisation of interest expense for *The Rochester Mall*, *Park Avenue Rochester* and *UE Bizhub EAST* which had obtained Temporary Occupation Permit and higher interest rates.

Other expenses increased 22% from \$3.1 million in Q2 2011 to \$3.8 million mainly due to higher fair value losses from held for trading investments, higher allowance for doubtful trade and other receivables, offset by lower foreign exchange loss.

Income tax expense decreased 53% from \$4.8 million in Q2 2011 to \$2.3 million mainly due to lower operating profit.

H1 2012 compared with H1 2011 performance

Revenue decreased 20% from \$326.3 million in H1 2011 to \$260.9 million mainly due to no revenue contribution in H1 2012 from *The Rochester* which was completed in 2011 and the completed sale of *UE Print Media Hub* in H1 2011. This was partially offset by the maiden rental contribution from *The Rochester Mall* and *Park Avenue Rochester* in 2012. As a result, gross profit dropped 33% from \$115.3 million in H1 2011 to \$76.7 million. Gross profit percentage dropped from 35.3% in H2 2011 to 29.4%.

Other income decreased 35% from \$3.8 million in H1 2011 to \$2.5 million mainly due to the absence of the gain on disposal of investment properties at Tanjong Pagar recorded in H1 2011.

Administrative expenses increased 10% from \$33.0 million in H1 2011 to \$36.2 million mainly due to higher staff and operating costs arising from the commencement of operation of *The Rochester Mall* and *Park Avenue Rochester* in Q4 2011. The increase was partially offset by write-back of staff bonus provision.

Finance costs increased 65% from \$4.4 million in H1 2011 to \$7.3 million mainly due to the accounting treatment to cease the capitalisation of interest expense for *The Rochester Mall*, *Park Avenue Rochester* and *UE Bizhub EAST* which had obtained Temporary Occupation Permit and higher interest rates.

Other expenses decreased 40% from \$10.9 million in H1 2011 to \$6.6 million mainly due to lower fair value losses from held for trading investments and lower foreign exchange losses. The decrease was also attributable to the absence of impairment losses on properties held for sale and advisory and listing expenses of UE E&C Ltd incurred in H1 2011.

Income tax expense decreased 42% from \$11.4 million in H1 2011 to \$6.7 million mainly due to lower operating profit.

The Group's **attributable profit** decreased to \$7.4 million in Q2 2012 compared with \$31.5 million in Q2 2011. For H1 2012 attributable profit was \$17.2 million compared with \$51.1 million in H1 2011.

Earnings per ordinary stock unit (EPS) decreased to 2.5 cents compared with 11.4 cents in Q2 2011. EPS for the half-year ended 30 June 2012 and 30 June 2011 were 5.9 cents and 18.7 cents respectively.

Net asset per ordinary stock unit stood at \$3.97 as at 30 June 2012 compared with \$4.17 as at 31 December 2011.

Financial position review

Properties development costs increased by \$33 million mainly due to development expenditures incurred for *orchardgateway*.

Investment in joint ventures increased by \$47 million mainly due to the Group's cost of investment and loans to The Seletar Mall Pte Ltd, a 30% JV company which undertakes a retail mall development at Sengkang West Avenue/ Fernvale Road.

Total borrowings increased by \$112 million mainly due to additional drawdown of loans to finance the construction of *UE Bizhub EAST*, *8 Riversuites* and *orchardgateway* and the land acquisition costs of the commercial site at Sengkang West Avenue/Fernvale Road.

Equity attributable to owners of the Company decreased by \$3 million mainly due to the dividend payment in May 2012, which was partially offset by an increase in share capital resulting from the ordinary shares issued on conversion of convertible bonds and exercise of share options, share of other comprehensive income from equity-accounted associates, as well as the profit retained for the period.

Segment review

In the **Property Development** segment, no revenue was recorded in Q2 2012 and H1 2012 as the public housing development project currently undertaken by the Group, *Austville Residences* will be recognised based on completion of construction (COC) method. Construction work for *8 Riversuites*, which the Group launched in Q2 2012 has not commenced. Operating profit before interest decreased 98% to \$0.6 million in Q2 2012 and 99% to \$0.3 million in H1 2012.

In the **Property Rental & Services** segment, revenue increased 19% to \$42.0 million in Q2 2012 and 20% to \$86.9 million in H1 2012 mainly due to the maiden rental contribution from *The Rochester Mall* and *Park Avenue Rochester*. Operating profit before interest increased 13% to \$9.5 million in Q2 2012 and 47% to \$23.9 million in H1 2012.

In the **Engineering & Construction** segment, revenue increased 22% to \$111.7 million in Q2 2012 and decreased 2% to \$193.1 million in H1 2012 mainly due to higher revenue contribution from new and on-going projects undertaken by UE E&C Group, offset by lower revenue contribution from the environmental engineering projects. Operating profit before interest decreased 27% to \$6.6 million in Q2 2012 and 36% to \$8.9 million in H1 2012.

Cash flow review

As at 30 June 2012, the Group had cash and cash equivalents of \$424 million. As of June 2012, the Group incurred total development expenditure of \$83 million for *orchardgateway*, *UE Bizhub EAST*, *Austville Residences* and *8 Riversuites* projects. The Group also issued a \$150 million 4.2 per cent Fixed Rate Notes pursuant to the \$500 million Multicurrency Medium Term Note Programme. Apart from the above, the Group's components of cash flow and financial position and changes in these components from 31 December 2011 to 30 June 2012 were the result of the Group's other ongoing operations.

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

The Company did not make any forecast statement previously. The Group's Q2 2012 results are in line with the prospect statement made in paragraph 10 of the Company's Q1 2012 results announcement on 15 May 2012.

10 A commentary at the date of this announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's focus in 2012 will be on the execution of a number of major projects, namely *8 Riversuites* at Bendemeer Road/Whampoa East, the *Austville Residences* at Sengkang East Avenue/Buangkok Drive and *orchardgateway* at 277 Orchard Road (the former Specialists' Centre/Hotel Phoenix). In Q2 2012, the Group had obtained Temporary Occupation Permit for *UE Bizhub EAST*. These projects are not expected to contribute significantly to the Group's profit in 2012. The adoption of the COC method of accounting for certain projects is also expected to cause future development profit to fluctuate. The Group expects that its turnover and operating profit will mainly be derived from recurring income from the Engineering & Construction and the Property Rental and Services segments.

The Group performance may also be affected by the on-going global economic uncertainties. The Group will adopt a cautious approach in bidding for projects over the next 12 months.

11 Dividend

(a) Current Financial Period Reported on
Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect

The Directors do not recommend the payment of an interim dividend on either the Cumulative Preference Shares or the Ordinary Stock. However, as in past years, the Directors will consider the payment of a year-end final dividend for both the Cumulative Preference Shares and Ordinary Stock.

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 27 April 2012. There was no IPT with amount exceeding S\$100,000 each for the period ended 30 June 2012.

BY ORDER OF THE BOARD

Heng Fook Pyng, Jeslyn

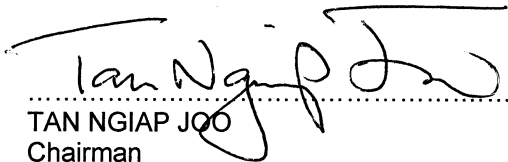
Secretary

10 August 2012

Confirmation by the Board

We, Tan Ngiap Joo and Jackson Chevalier Yap Kit Siong, being two directors of United Engineers Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q2 2012 and half year 2012 financial results to be false or misleading in any material respect.

On behalf of the Board,



TAN NGIAP JOO
Chairman



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