



Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2013

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group		+ / (-) %	Group		+ / (-) %
		2Q 2013 \$'000	2Q 2012 \$'000		1H 2013 \$'000	1H 2012 \$'000	
Revenue							
- Construction		66,943	58,565	14.3	132,361	106,385	24.4
- Property developments		41,521	23,199	79.0	105,680	23,786	344.3
- Property investments		608	853	(28.7)	1,402	1,684	(16.7)
- Others		-	-		6	-	NM
		<u>109,072</u>	<u>82,617</u>	32.0	<u>239,449</u>	<u>131,855</u>	81.6
Cost of sales		(92,883)	(66,798)	39.1	(202,972)	(101,218)	100.5
Gross profit		<u>16,189</u>	<u>15,819</u>	2.3	<u>36,477</u>	<u>30,637</u>	19.1
Other items of income							
Interest income	1	381	980	(61.1)	1,274	1,317	(3.3)
Dividend income from investment securities		141	3	4,600.0	147	4	3,575.0
Other income	2	297	1,375	(78.4)	1,059	1,514	(30.1)
Other items of expense							
Marketing and distribution	3	(815)	(3,762)	(78.3)	(9,317)	(5,824)	60.0
Administrative expenses	4	(8,001)	(5,243)	52.6	(14,170)	(10,690)	32.6
Finance costs	5	(558)	(191)	192.1	(976)	(523)	86.6
Share of results of associates	6	<u>1,432</u>	<u>707</u>	(102.5)	<u>1,377</u>	<u>(42)</u>	(3,378.6)
Profit before tax		<u>9,066</u>	<u>9,688</u>	(6.4)	<u>15,871</u>	<u>16,393</u>	(3.2)
Income tax expense		(2,237)	(2,253)	(0.7)	(4,374)	(4,594)	(4.8)
Profit after tax		<u><u>6,829</u></u>	<u><u>7,435</u></u>	(8.2)	<u><u>11,497</u></u>	<u><u>11,799</u></u>	(2.6)
Profit attributable to:							
Owners of the company		6,829	7,435	(8.2)	11,497	11,799	(2.6)
Non-controlling interests		-	-		-	-	
		<u><u>6,829</u></u>	<u><u>7,435</u></u>		<u><u>11,497</u></u>	<u><u>11,799</u></u>	

Note:-

NM - Not meaningful.

1(a)(ii) Items, which if significant, must be included in the income statement

	Group			Group		
	2Q 2013 \$'000	2Q 2012 \$'000	+ /(-) %	1H 2013 \$'000	1H 2012 \$'000	+ /(-) %
Other income						
Net gain on disposal of property, plant and equipment	97	-	NM	88	-	NM
Net gain on disposal of investment property	-	1,230	(100.0)	-	1,230	(100.0)
Net fair value gain on investment securities	26	17	52.9	160	37	332.4
Unrealised foreign exchange gain	-	-	-	-	-	-
Deposits forfeited from buyers	34	13	161.5	147	82	79.3
Others	140	115	21.7	664	165	302.4
	<u>297</u>	<u>1,375</u>		<u>1,059</u>	<u>1,514</u>	

The following items have been included in arriving at profit before tax:

Depreciation of property, plant and equipment	(870)	(473)	83.9	(1,748)	(919)	90.2
Amortisation of intangible assets	(11)	(3)	266.7	(20)	(6)	233.3
Employee benefits expenses	(14,323)	(11,860)	20.8	(29,383)	(22,245)	32.1
Operating lease expenses	(157)	(188)	(16.5)	(306)	(306)	-
Unrealised foreign exchange loss	(1,652)	70	(2,460.0)	(1,196)	(478)	150.2
Impairment loss on trade receivables	-	-	-	-	(209)	(100.0)
Write down of completed properties held for sale	-	2	(100.0)	-	(131)	(100.0)

Notes to Group Income Statement

- Interest income related mainly to interest charged for loans to associates and interest earned on current and deposit accounts. Decrease in interest income was due to the repayment of loans from associates.
- The decrease in other income was mainly due to the absence of gain on disposal of investment property which was recorded in the corresponding period last year. The decrease was partially offset by the increase in net fair value gain on investment securities and funds received from various incentive schemes.
- Higher marketing and distribution expenses mainly came from the sales commission of a development project at Alexandra Central for the sales of commercial/retail units in 1Q2013. The sales of development units in Singapore (100 Pasir Panjang, Fulcrum, My Manhattan and Belvia) and in Australia (Tower Melbourne) also contributed to the expenses for 1H2013.
- The increase in administrative expenses was due to higher staff costs as the Group employed more staff to cater for on-going projects. Higher operating expenses also contributed to the increase due to the increase in operating activities. The increase is also due to exchange loss of \$1.2 million due to the strengthening of the Singapore dollar against the Australian dollar.
- Finance cost was higher for current quarter as a result of loans drawn down to cater for working capital requirement.
- Higher share of profits of associates in the current quarter was due to recognition of additional profit for a completed joint venture development upon the finalisation of construction cost.

1(a)(iii) Statement of Comprehensive Income

Note	Group			Group		
	2Q 2013 \$'000	2Q 2012 \$'000	+ /(-) %	1H 2013 \$'000	1H 2012 \$'000	+ /(-) %
Profit after tax	6,829	7,435	(8.2)	11,497	11,799	(2.6)
Other comprehensive income:						
Net (loss)/gain on fair value changes of available-for-sale financial assets	(31)	581	(105.3)	533	816	34.7
Foreign currency translation	(9,970)	(1,160)	759.5	(8,220)	(2,158)	(280.9)
Share of other comprehensive income of associates	-	-	-	737	363	103.0
Other comprehensive income for the period, net of tax	(10,001)	(579)		(6,950)	(979)	
Total comprehensive income for the period	<u>(3,172)</u>	<u>6,856</u>		<u>4,547</u>	<u>10,820</u>	
Total comprehensive income attributable to:						
Owners of the company	(3,172)	6,856	(146.3)	4,547	10,820	(58.0)
Non-controlling interests	-	-	-	-	-	-
	<u>(3,172)</u>	<u>6,856</u>		<u>4,547</u>	<u>10,820</u>	

Notes to Statement of Comprehensive Income

- Foreign currency translation arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The translation loss was due to the strengthening of the Singapore dollar against the Australian dollar.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Note	The Group		The Company	
		30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment		150,345	145,326	894	1,061
Investment properties		44,706	44,706	-	-
Intangible assets		318	279	217	228
Investment in subsidiaries		-	-	48,302	48,302
Investment in associates		6,963	4,968	650	650
Other receivables	1	10,204	9,593	32,534	55,157
Investment securities		2,835	2,143	2,671	2,002
Current assets					
Gross amount due from customers for contract work-in-progress	2	7,648	7,547	-	-
Completed properties held for sale		338	1,839	-	-
Development properties	3	745,607	543,987	-	-
Prepayments and deposits	4	15,780	1,519	162	14
Trade and other receivables	5	136,732	151,619	7,245	21,157
Cash and cash equivalents	6	219,244	242,050	2,363	3,707
		1,125,349	948,561	9,770	24,878
Deduct: Current liabilities					
Loans and borrowings	6	194,400	123,000	-	-
Gross amount due to customers for contract work-in-progress	2	42,259	24,251	-	-
Provisions		1,900	1,907	-	-
Trade and other payables	7	119,199	108,783	118	145
Other liabilities	8	16,398	48,194	1,762	13,799
Income tax payable	9	31,541	46,503	43	133
		405,697	352,638	1,923	14,077
Net current assets		719,652	595,923	7,847	10,801
Deduct: Non-current liabilities					
Loans and borrowings	6	485,825	338,750	-	-
Deferred taxation		10,099	3,703	5	5
		495,924	342,453	5	5
Net assets		439,099	460,485	93,110	118,196
Equity attributable to owners of the Company					
Share capital		79,691	79,691	79,691	79,691
Treasury shares		(10,922)	(10,922)	(10,922)	(10,922)
Retained earnings		384,354	398,790	28,379	53,998
Other reserves		(14,024)	(7,074)	(4,038)	(4,571)
		439,099	460,485	93,110	118,196

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (Cont'd)

Notes to Statement of Financial Position

- 1 Significant decrease in other receivables for the Company was due to repayment of advances from subsidiaries.
- 2 The overall net increase in gross amount due to customers for contract work-in-progress was due to lower profit recognition (which have been billed) from certain construction projects awarded in the previous years.
- 3 The increase in development properties was mainly due to the development costs incurred for development projects at Fulcrum, Alexandra Central, 100 Pasir Panjang and land purchase at Yishun Ring Road / Yishun Avenue 9 in the current period.
- 4 The significant increase in prepayments and deposits was due to the deposit paid for the collective purchase for an office building, San Centre, at 171 Chin Swee Road in Singapore.
- 5 The decrease in trade and other receivables for the Group was mainly due to the receipt of payment from buyers of industrial units at 100 Pasir Panjang.
The decrease in trade and other receivables for the Company was mainly due to the receipt of payment of management fee from subsidiaries.
- 6 The overall net increase of \$241.3 million for loans and borrowings after offsetting cash and cash equivalents was mainly due to the loan drawn down for working capital and financing of property development projects in Yishun Ring Road / Yishun Avenue 9, after offsetting the partial repayment of bank loans for certain on-going development projects.
- 7 The increase in trade and other payables was mainly due to the increase in operating activities.
- 8 The decrease in other liabilities for the Group and Company was mainly due to the payment of year end expenses accrued and transfer of other liabilities to trade payables when appropriate.
- 9 The decrease in income tax payable was mainly due to the payment of the previous tax provision by installment and after offsetting current quarter tax provision.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	As at 30 Jun 2013 \$'000	As at 31 Dec 2012 \$'000
Amount repayable in one year or less, or on demand		
- Secured	194,400	123,000
- Unsecured	-	-
Amount repayable after one year		
- Secured	485,825	338,750
- Unsecured	-	-

Details of any collateral

The secured borrowings of \$680.2 million are loans taken to finance property development projects, the purchase of a leasehold land for hotel and commercial development and for working capital.

The secured borrowings of \$622.8 million are mainly secured by the followings:

- (a) legal mortgage on the development properties and the hotel and commercial development project;
- (b) subordination of shareholder's loan to the property development companies;
- (c) assignment of sale proceeds of the development properties;
- (d) assignment of all rights, title, interest and benefits under contracts in respect of the development properties;
- (e) assignment of construction contracts, performance bonds and fire insurance policy on the development property;
- (f) assignment of tenancy and sale agreements of the investment properties;
- (g) fixed and floating charge of the hotel and commercial development project; and
- (h) corporate guarantee from the Company.

The remaining secured borrowings of \$57.4 million are secured by the followings:

- (a) assignment of dividends to be received from two 40% joint venture companies;
- (b) charge of bank accounts with the banker; and
- (c) corporate guarantee from the Company.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		Group	
	2Q 2013	2Q 2012	1H 2013	1H 2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Operating profit before taxation	9,066	9,688	15,871	16,393
Adjustments for:				
Depreciation and amortisation	881	476	1,768	925
Interest income	(381)	(980)	(1,274)	(1,317)
Dividend income from investment securities	(141)	(3)	(147)	(4)
Interest expense	558	191	976	523
Net gain on disposal of property, plant and equipment	(97)	-	(88)	-
Net gain on disposal of investment property	-	(1,230)	-	(1,230)
Foreign currency translation adjustment	(9,931)	(146)	(8,088)	(1,161)
Net fair value gain on investment securities	(26)	(17)	(160)	(37)
Share of results of associates	(1,432)	(707)	(1,377)	42
Impairment loss on trade receivables	-	-	-	209
Write down of completed properties held for sale	-	(2)	-	131
Operating profit before reinvestment of working capital	(1,503)	7,270	7,481	14,474
Decrease in completed properties held for sale	1,008	1,306	1,501	1,321
Increase in development properties	(251,541)	(15,378)	(201,620)	(57,551)
Decrease/(increase) in trade and other receivables	536	(12,870)	15,606	(22,260)
Decrease/(increase) in prepayments and deposits	58,981	301	(14,261)	18,746
(Decrease)/increase in gross amount due to customers for contract work-in-progress, net	(646)	(11,159)	17,900	15,865
Increase/(decrease) in trade and other payables	14,697	12,109	10,430	(1,435)
Decrease in other liabilities	(18,036)	(10,278)	(31,796)	(14,498)
Cash used in operations	(196,504)	(28,699)	(194,759)	(45,338)
Interest paid	(558)	(299)	(990)	(366)
Interest received	191	712	897	750
Income tax paid	(9,004)	(6,774)	(12,940)	(8,616)
Net cash used in operating activities	(205,875)	(35,060)	(207,792)	(53,570)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(4,929)	(1,019)	(6,911)	(1,095)
Proceeds from disposal of property, plant and equipment	99	2	101	2
Proceeds from disposal of investment property	-	4,140	-	4,140
Dividend income	198	315	204	7,066
(Advances to)/repayment of advances from associates, net	(680)	2,557	(891)	2,332
Additions to intangible assets	-	-	(59)	-
Net cash (used in)/generated from investing activities	(5,312)	5,995	(7,556)	12,445
Cash flows from financing activities:				
Repayment of loans and borrowings	-	-	(12,000)	-
Proceeds from loans and borrowings	195,475	42,754	230,475	235,238
Dividends paid	(25,933)	(26,486)	(25,933)	(26,486)
Additions to investment properties	-	(3,504)	-	(199,030)
Net cash generated from financing activities	169,542	12,764	192,542	9,722
Net decrease in cash and cash equivalents	(41,645)	(16,301)	(22,806)	(31,403)
Cash and cash equivalents at beginning of the period	260,889	140,672	242,050	155,774
Cash and cash equivalents at end of the period	219,244	124,371	219,244	124,371
Cash and cash equivalents comprise:				
Short term deposits	9,688	20,489	9,688	20,489
Cash and bank balances	209,556	103,882	209,556	103,882
	<u>219,244</u>	<u>124,371</u>	<u>219,244</u>	<u>124,371</u>

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)**

Statement of Cash Flow review

Net cash used in operating activities

The increase in net cash used in operating activities was mainly due to the increase in property development activities as the Group purchased land in Yishun Ring Road / Yishun Avenue 9 for property development. The increase was also due to the translation loss as a result of strengthening of Singapore dollar against Australian dollar.

Net cash (used in)/generated from investing activities

Net cash used in investing activities for 2Q2013 and 1H2013 as compared to a net cash generated from investing activities for 2Q2012 and 1H2012 was due to the additional costs incurred for the hotel under construction and also due to lower dividend income received from associates and lower repayment of advances from associates.

Net cash generated from financing activities

The increase in net cash generated from financing activities for 2Q2013 was due to the loans drawn down for development projects and working capital.

As for 1H2012, the payment of \$199 million was for the purchase of land at Jalan Bukit Merah/Alexandra Road for hotel and commercial development which was then classified as investment property.

1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	Attributable to owners of the Company								
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total equity \$'000
At 1 January 2013	79,691	(10,922)	(533)	1,037	(4,038)	(3,540)	398,790	391,716	460,485
Total comprehensive income for the period	-	-	-	737	564	1,750	4,668	7,719	7,719
At 31 March 2013	79,691	(10,922)	(533)	1,774	(3,474)	(1,790)	403,458	399,435	468,204
Total comprehensive income for the period	-	-	-	-	(31)	(9,970)	6,829	(3,172)	(3,172)
Dividends paid	-	-	-	-	-	-	(25,933)	(25,933)	(25,933)
At 30 June 2013	79,691	(10,922)	(533)	1,774	(3,505)	(11,760)	384,354	370,330	439,099

Group	Attributable to owners of the Company								
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total equity \$'000
At 1 January 2012	79,691	(3,244)	(533)	674	(3,552)	353	343,495	340,437	416,884
Effect of adopting Amendments to FRS 12	-	-	-	-	-	-	509	509	509
At 1 January 2012, as restated	79,691	(3,244)	(533)	674	(3,552)	353	344,004	340,946	417,393
Total comprehensive income for the period	-	-	-	363	235	(998)	4,364	3,964	3,964
At 31 March 2012	79,691	(3,244)	(533)	1,037	(3,317)	(645)	348,368	344,910	421,357
Total comprehensive income for the period	-	-	-	-	581	(1,160)	7,435	6,856	6,856
Dividends paid	-	-	-	-	-	-	(26,486)	(26,486)	(26,486)
At 30 June 2012	79,691	(3,244)	(533)	1,037	(2,736)	(1,805)	329,317	325,280	401,727

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Cont'd)

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2013	79,691	(10,922)	(533)	(4,038)	53,998	118,196
Total comprehensive income for the period	-	-	-	564	(667)	(103)
At 31 March 2013	79,691	(10,922)	(533)	(3,474)	53,331	118,093
Total comprehensive income for the period	-	-	-	(31)	981	950
Dividends paid	-	-	-	-	(25,933)	(25,933)
At 30 June 2013	79,691	(10,922)	(533)	(3,505)	28,379	93,110

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2012	79,691	(3,244)	(533)	(3,552)	70,232	142,594
Total comprehensive income for the period	-	-	-	235	5,822	6,057
At 31 March 2012	79,691	(3,244)	(533)	(3,317)	76,054	148,651
Total comprehensive income for the period	-	-	-	581	(560)	21
Dividends paid	-	-	-	-	(26,486)	(26,486)
At 30 June 2012	79,691	(3,244)	(533)	(2,736)	49,008	122,186

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as the end of the financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

As at 30 June 2013, the Company held 19,188,000 ordinary shares as treasury shares (30 June 2012 : 5,377,000 ordinary shares). The total number of issued shares of the Company excluding treasury shares as at 30 June 2013 and 30 June 2012 were 648,327,161 and 662,138,161 ordinary shares respectively.

There is no outstanding performance shares granted conditionally under the "Chip Eng Seng Performance Share Plan" as at 30 June 2013 and 30 June 2012.

1(d)(iii) To show the 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

The total number of issued shares excluding treasury shares of 19,188,000 (31 December 2012 : 19,188,000) shares as at 30 June 2013 and 31 December 2012 were 648,327,161.

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

Not applicable

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

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

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

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2012, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2013.

The adoption of those new and revised FRSs has no material effect on the current financial statements for the current period.

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 the effect of, the change

Please refer to paragraph 4 above.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	2Q 2013	2Q 2012	1H 2013	1H 2012
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	1.05	1.12	1.77	1.78
(ii) On a fully diluted basis (in cents)	1.05	1.12	1.77	1.78

Notes:

- (i) The computation of basic earnings per share was based on the weighted average of 648,327,161 ordinary shares (30 June 2012 : 662,138,161 ordinary shares).
- (ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 648,327,161 ordinary shares (30 June 2012 : 662,138,161 ordinary shares).

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	67.73	71.03	14.36	18.23

The computation of net asset value per ordinary share was based on 648,327,161 ordinary shares (excluding Treasury shares of 19,188,000) (31 December 2012 : 648,327,161 ordinary shares excluding Treasury shares of 19,188,000).

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 include discussion of 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 include discussion of any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

2Q2013 vs 2Q2012

Overall

The Group's total revenue increased by 32.0% to \$109.1 million for 2Q2013 compared to \$82.6 million for 2Q2012. The increase in revenue came from both the construction and property development projects.

Gross profit increased by 2.3% to \$16.2 million for 2Q2013 compared to \$15.8 million for 2Q2012. The gross profit mainly came from the progressive recognition of a development project, My Manhattan.

The Group's pre-tax profit decreased by 6.4% to \$9.1 million for 2Q2013 compared to \$9.7 million for 2Q2012.

Construction

Revenue increased by 14.3% to \$66.9 million for 2Q2013 compared to \$58.6 million for 2Q2012. Revenue contribution mainly came from on-going projects which are in their active stage of construction. Construction projects awarded in FY2012 also significantly contributed to the increase in revenue for the current quarter.

Property Developments

Revenue increased significantly to \$41.5 million for 2Q2013 compared to \$23.2 million for 2Q2012. The increase was due to the progressive recognition of revenue and profit from a development project, My Manhattan in the current quarter.

Share of profit of associates for 2Q2013 amounted to \$1.4 million compared to \$0.7 million for 2Q2012. The current quarter profit mainly came from the recognition of additional profit from completed projects upon the finalisation of the development costs.

Property Investments

Revenue decreased by 28.7% to \$0.6 million for 2Q2013 compared to \$0.9 million for 2Q2012. The decrease was due to lower rental income received from the leasing of office for Queen Street property in Australia as the tenants were vacated for the upcoming property development of Tower Melbourne.

- 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 include discussion of 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 include discussion of any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on (Cont'd)**

1H2013 vs 1H2012

Overall

The Group's total revenue increased by 81.6% to \$239.4 million for 1H2013 compared to \$131.9 million for 1H2012. The increase was due to the progressive recognition of revenue and profit from a development project, My Manhattan in the current period.

Gross profit increased by 19.1% to \$36.5 million for 1H2013 compared to \$30.6 million for 1H2012 and the Group's pre-tax profit decreased slightly by 3.2% to \$15.9 million for 1H2013 compared to \$16.4 million for 1H2012.

Construction

Revenue increased by 24.4% to \$132.4 million for 1H2013 compared to \$106.4 million for 1H2012. Revenue contribution mainly came from on-going projects which are in their active stage of construction. Construction projects awarded in FY2012 also contributed to the increase in revenue for the current period.

Property Developments

Revenue increased significantly to \$105.7 million for 1H2013 compared to \$23.8 million for 1H2012. The increase was due to the progressive recognition of revenue and profit from a development project, My Manhattan in the current period.

Share of profit of associates for 1H2013 amounted to \$1.4 million compared to share of loss of \$0.04 million for 1H2012. The profit mainly came from the recognition of additional profit from completed projects upon the finalisation of the development costs in the current period.

Property Investments

Revenue decreased by 16.7% to \$1.4 million for 1H2013 compared to \$1.7 million for 1H2012. The decrease was due to lower rental income received from the leasing of office for Queen Street property in Australia as the tenants were vacated for the upcoming property development of Tower Melbourne.

Group Statement of Financial Position Review

The Group's net debt/equity ratio was 1.05 as at 30 June 2013 as compared to 0.48 as at 31 December 2012. The increase was due to loans drawn down for development projects and working capital.

Net current assets increased significantly to \$719.7 million as at 30 June 2013. Current assets increased by \$176.8 million mainly due to the development costs incurred for development projects at Yishun Ring Road / Yishun Avenue 9, Fulcrum, Alexandra Central and 100 Pasir Panjang. The increase was offset by increase in current liabilities of \$71.4 million mainly due to the loans drawn down for development projects and working capital.

Non-current liabilities increased by \$153.5 million to \$495.1 million as at 30 June 2013 due to the loans drawn down for development projects and working capital.

Shareholders' equity decreased from \$460.5 million as at 31 December 2012 to \$439.1 million as at 30 June 2013. The decrease of \$21.4 million was resulted from the payment of dividend of \$25.9 million and translation loss of \$8.2 million. The decrease is partially offset by the profit contributed for the current period.

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

No prospects statements for 2Q2013 was previously provided.

10 A commentary at the date of the announcement of the significant trends and 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

Property Developments

As at 30 June 2013, the Group's 100%-owned residential developments My Manhattan (99% sold) and Belvia (97% sold) as well as its 40% owned Executive Condominium developments Privé (100% sold) and Belysa (100% sold) are at advanced stage of construction. Privé has obtained Temporary Occupation Permit ("TOP") in July 2013. The Group will account for its share of profit in 3Q2013 financial results. The Group expects My Manhattan to obtain TOP by end of the year while Belysa is anticipated to be substantially completed in the coming months. It is scheduled for completion in 2014.

Apart from its residential developments, the Group's current portfolio includes an industrial development at 100 Pasir Panjang, a commercial development at Alexandra Central and a mixed residential cum commercial development at Queen Street, Melbourne, Australia named Tower Melbourne. 100 Pasir Panjang, Alexandra Central and Tower Melbourne have achieved sales of 58%, 97% and 78% respectively as at 30 June 2013. 100 Pasir Panjang is expected to be completed within a year whereas Alexandra Central and Tower Melbourne are at initial stage of construction.

The Group is planning to launch its residential cum commercial integrated development at Yishun Ring Road / Yishun Avenue 9 in the coming months. The development will feature a 14-storey building comprising 2 blocks of 11-storey condominium and 6 strata cluster housing units atop a 3-storey retail cum carpark podium. The development is located amidst a mature HDB estate and is in close proximity to Yishun MRT station.

Property Investments

The Group has obtained consent from all proprietary owners for the acquisition of an office building at 171 Chin Swee Road in June 2013. Upon completion of the acquisition which is scheduled to be in September 2013, addition and alteration works will be carried out to refurbish the building. The Group intends to subsequently lease out the building to generate stable rental income for the Group.

Construction

As at 30 June 2013, the Group's outstanding order book for its construction contracts stood at \$515.3 million. The precast division was awarded contracts worth of \$71.9 million for the period from January to June 2013. The outstanding order book for precast third parties contract stood at \$71.6 million. The Group is expecting to complete the construction of its HDB projects, Hougang N9C12 in the coming months and Hougang N4C17 by end of this year. The Group is actively tendering for construction projects.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for the quarter ended 30 June 2013.

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 does not have a shareholders' mandate for interested person transactions.

14 Confirmation

We, Lim Tiang Chuan and Chia Lee Meng Raymond, being two Directors of CHIP ENG SENG CORPORATION LTD (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Company and of the Group for the second quarter ended 30 June 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Lim Tiang Chuan
Executive Deputy Chairman

Chia Lee Meng Raymond
Executive Deputy Chairman and Group Chief Executive Officer

BY ORDER OF THE BOARD

Chia Lee Meng Raymond
Executive Deputy Chairman and Group Chief Executive Officer

12 August 2013