

**Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2014****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 2014 \$'000	2Q 2013 \$'000		1H 2014 \$'000	1H 2013 \$'000	
Revenue							
- Construction		85,083	66,943	27.1	156,758	132,361	18.4
- Property developments		36,830	41,521	(11.3)	161,958	105,680	53.3
- Property investments		1,722	608	183.2	2,717	1,402	93.8
- Others		-	-		-	6	(100.0)
		<u>123,635</u>	<u>109,072</u>	13.4	<u>321,433</u>	<u>239,449</u>	34.2
Cost of sales		(101,569)	(92,415)	9.9	(262,804)	(200,241)	31.2
Gross profit		<u>22,066</u>	<u>16,657</u>	32.5	<u>58,629</u>	<u>39,208</u>	49.5
Other items of income							
Interest income	1	163	381	(57.2)	458	1,274	(64.1)
Other income	2	756	438	72.6	1,609	1,206	33.4
Other items of expense							
Marketing and distribution	3	(2,721)	(815)	233.9	(3,517)	(9,317)	(62.3)
Administrative expenses		(8,160)	(8,469)	(3.6)	(17,574)	(16,901)	4.0
Finance costs	4	(871)	(558)	56.1	(1,555)	(976)	59.3
Share of results of associates	5	<u>8,519</u>	<u>1,432</u>	494.9	<u>8,833</u>	<u>1,377</u>	NM
Profit before tax		<u>19,752</u>	<u>9,066</u>	117.9	<u>46,883</u>	<u>15,871</u>	195.4
Income tax expense		(1,122)	(2,237)	(49.8)	(6,652)	(4,374)	52.1
Profit after tax		<u>18,630</u>	<u>6,829</u>	172.8	<u>40,231</u>	<u>11,497</u>	249.9
Profit attributable to:							
Owners of the company		18,630	6,829	172.8	40,231	11,497	249.9
Non-controlling interests		-	-		-	-	
		<u>18,630</u>	<u>6,829</u>		<u>40,231</u>	<u>11,497</u>	

Note:-

NM - Not meaningful.

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

	Group		+ / (-) %	Group		+ / (-) %
	2Q 2014 \$'000	2Q 2013 \$'000		1H 2014 \$'000	1H 2013 \$'000	
Other income						
Dividend income from investment securities	-	141	NM	-	147	NM
Net gain on disposal of property, plant and equipment	-	97	NM	1	88	NM
Net fair value gain on investment securities	-	26	NM	29	160	(81.9)
Unrealised foreign exchange gain	377	-	NM	951	-	NM
Deposits forfeited from buyers	-	34	NM	-	147	(100.0)
Government grants	86	140	(38.6)	276	435	(36.6)
Others	<u>293</u>	<u>-</u>	NM	<u>352</u>	<u>229</u>	53.7
	<u>756</u>	<u>438</u>		<u>1,609</u>	<u>1,206</u>	
The following items have been included in arriving at profit before tax:						
Depreciation of property, plant and equipment	(913)	(870)	4.9	(1,812)	(1,748)	3.7
Amortisation of intangible assets	(11)	(11)	-	(21)	(20)	5.0
Employee benefits expenses	(16,716)	(14,323)	16.7	(34,487)	(29,383)	17.4
Operating lease expenses	(157)	(157)	-	(314)	(306)	2.6
Unrealised foreign exchange loss	-	(1,652)	NM	-	(1,196)	NM
Net loss on disposal of investment securities	-	-	NM	(2)	-	NM

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

Notes to Group Income Statement

- 1 Interest income related mainly to interest charged for loans to associates and interest earned on current and deposit accounts. Lower interest income in 2Q2014 was due to declining idle funds that earned interest income as the Group deployed the funds to property developments and investments.
- 2 The increase in other income in 2Q2014 was mainly due to unrealised foreign exchange gain as a result of strengthening of the Australian dollar against the Singapore dollar.
- 3 Higher marketing and distribution expenses in 2Q2014 mainly came from the marketing expenses incurred for the mixed development projects known as Nine Residences and Junction Nine.
- 4 Finance cost was higher for 2Q2014 as a result of more loans drawn down to cater for working capital requirement and property investment.
- 5 The share of profit from associates for the current period related to profit recognition from a joint venture residential development project known as Belysa, which obtained its Temporary Occupation Permit ("TOP") in 2Q2014.

1(a)(iii) Statement of Comprehensive Income

	Note	Group		+ / (-) %	Group		+ / (-) %
		2Q 2014 \$'000	2Q 2013 \$'000		1H 2014 \$'000	1H 2013 \$'000	
Profit after tax		18,630	6,829	172.8	40,231	11,497	249.9
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss</i>							
Net surplus on revaluation of freehold land and building		-	-		(367)	-	NM
Share of gain on property revaluation of associates		-	-		1,190	737	61.5
Income tax relating to components of other comprehensive income		14	-	NM	356	-	NM
		14	-		1,179	737	
<i>Items that may be reclassified subsequently to profit or loss</i>							
Net gain on fair value changes of available-for-sale financial assets		(775)	(31)	2,400.0	255	533	52.2
Foreign currency translation	1	1,441	(9,970)	(114.5)	4,947	(8,220)	160.2
		666	(10,001)		5,202	(7,687)	
Other comprehensive income for the quarter/period, net of tax		680	(10,001)		6,381	(6,950)	
Total comprehensive income for the quarter/period		19,310	(3,172)		46,612	4,547	
Total comprehensive income attributable to:							
Owners of the company		19,310	(3,172)	(708.8)	46,612	4,547	925.1
Non-controlling interests		-	-		-	-	
		19,310	(3,172)		46,612	4,547	

Notes to Statement of Comprehensive Income

- 1 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 gain for the period was due to the strengthening of the Australian dollar against the Singapore 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		Note	The Company	
		30 Jun 2014 \$'000	31 Dec 2013 \$'000		30 Jun 2014 \$'000	31 Dec 2013 \$'000
Non-current assets						
Property, plant and equipment	1	180,160	161,919		1,213	954
Investment properties	2	240,130	175,714		-	-
Intangible assets		277	297		194	205
Investment in subsidiaries		-	-		48,302	48,302
Investment in associates		30,787	28,370		650	650
Other receivables		10,513	11,191	9	114,812	124,252
Investment securities		2,302	2,030		2,273	2,018
Current assets						
Gross amount due from customers for contract work-in-progress	3	11,292	11,224		-	-
Completed properties held for sale	4	27,344	328		-	-
Development properties	5	450,836	651,436		-	-
Prepayments and deposits		2,294	8,780		76	129
Trade and other receivables	6	170,013	129,449		10,360	11,810
Cash and cash equivalents		192,666	284,222		830	8,034
		854,445	1,085,439		11,266	19,973
Deduct: Current liabilities						
Loans and borrowings	7	149,000	281,000		-	-
Gross amount due to customers for contract work-in-progress	3	45,810	28,225		-	-
Provisions		2,106	2,988		-	-
Trade and other payables		106,132	107,582		210	136
Other liabilities		26,576	31,438	10	3,276	12,851
Income tax payable	8	25,427	12,875		165	43
		355,051	464,108		3,651	13,030
Net current assets		499,394	621,331		7,615	6,943
Deduct: Non-current liabilities						
Loans and borrowings	7	449,396	487,523		-	-
Trade and other payables		-	-	11	23,829	-
Deferred taxation	8	1,772	14,521		5	5
		451,168	502,044		23,834	5
Net assets		512,395	498,808		151,225	183,319
Equity attributable to owners of the Company						
Share capital		79,691	79,691		79,691	79,691
Treasury shares		(19,350)	(12,006)		(19,350)	(12,006)
Retained earnings		456,743	442,193		90,892	115,897
Other reserves		(4,689)	(11,070)		(8)	(263)
		512,395	498,808		151,225	183,319

Notes to Statement of Financial Position

Note

The Group

- The increase in property, plant and equipment was due to the construction and other costs incurred for our hotel at Alexandra Road.
- The increase in investment properties was due to acquisition of the office building at 420 St Kilda Road, Melbourne in Australia and cost incurred for the addition and alteration ("A&A") works to the office building along Chin Swee Road (formerly known as San Centre and now renamed as CES Centre).
- The net increase in gross amount due to customers for contract work-in-progress was due to progress billings in excess of construction work-in-progress.
- The completed properties held for sales related to costs of unsold units of a commercial development known as 100 Pasir Panjang, which obtained TOP in March 2014.

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 (Cont'd)

- 5 The decrease in development properties was mainly due to completion of two development projects; namely My Manhattan and 100 Pasir Panjang. The decrease was partially offset by the additional development costs incurred for development projects at Fulcrum, Alexandra Central and a mixed residential and commercial development known as Nine Residences and Junction Nine.
- 6 The increase in trade and other receivables for the Group was mainly due to the receivable accrued for progressive payments due from the buyers of two completed development projects (100 Pasir Panjang and My Manhattan) following the receipts of TOP of these projects.
- 7 The decrease in loans and borrowings was mainly due to repayment of bank loans following the receipts of TOP of two completed development projects and of certain on-going projects. The decrease was partially offset by drawn down of loan for an investment property in 420 St Kilda Road, Melbourne.
- 8 The increase in income tax payable was mainly due to tax provision for the current period and transfer of deferred tax following the completion of two development projects in 100 Pasir Panjang and My Manhattan, partially offset by payment of tax in the current quarter.

The Company

- 9 The decrease in other receivables was due to repayment of advances from subsidiaries.
- 10 The decrease in other liabilities for the Company was mainly due to the payment of year end expenses accrued.
- 11 The increase in trade and other payables for the Company was mainly due to the advances from subsidiary companies.

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 2014 \$'000	As at 31 Dec 2013 \$'000
Amount repayable in one year or less, or on demand		
- Secured	149,000	281,000
- Unsecured	-	-
Amount repayable after one year		
- Secured	449,396	487,523
- Unsecured	-	-

Details of any collateral

The Group's borrowings of \$598.4 million are loans taken to finance property development projects and investment properties, the purchase of a leasehold land for hotel and commercial development and for working capital.

The Group's borrowings of \$583.4 million are mainly secured by :

- (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 Group's borrowings of \$15.0 million are secured by :

- (a) assignment of dividends to be received from a 40% joint venture company;
- (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 2014	2Q 2013	1H 2014	1H 2013
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Operating profit before taxation	19,752	9,066	46,883	15,871
Adjustments for:				
Depreciation and amortisation	924	881	1,833	1,768
Interest income	(163)	(381)	(458)	(1,274)
Dividend income from investment securities	-	(141)	-	(147)
Interest expense	871	558	1,555	976
Net gain on disposal of property, plant and equipment	-	(97)	(1)	(88)
Foreign currency translation adjustment	1,373	(9,931)	4,861	(8,088)
Net fair value gain on investment securities	-	(26)	(29)	(160)
Share of results of associates	(8,519)	(1,432)	(8,833)	(1,377)
Net loss on disposal of investment securities	-	-	2	-
Operating profit/(loss) before reinvestment of working capital	14,238	(1,503)	45,813	7,481
(Increase)/decrease in completed properties held for sale	(27,005)	1,008	(27,016)	1,501
Decrease/(increase) in development properties	48,128	(251,541)	200,600	(201,620)
Decrease/(increase) in trade and other receivables	116,661	536	(67,881)	15,606
Decrease/(increase) in prepayments and deposits	1,778	58,981	6,486	(14,261)
Increase/(decrease) in gross amount due to customers for contract work-in-progress, net	2,687	(646)	16,635	17,900
Increase/(decrease) in trade and other payables	10,632	14,697	(1,246)	10,430
Decrease in other liabilities	(5,725)	(18,036)	(4,862)	(31,796)
Cash generated from/(used in) operations	161,394	(196,504)	168,529	(194,759)
Interest paid	(1,033)	(558)	(1,758)	(990)
Interest received	2,218	191	2,323	897
Income tax paid	(1,392)	(9,004)	(6,496)	(12,940)
Net cash generated from/(used in) operating activities	161,187	(205,875)	162,598	(207,792)
Cash flows from investing activities:				
Purchase of property, plant and equipment	(14,095)	(4,929)	(20,337)	(6,911)
Proceeds from disposal of property, plant and equipment	2	99	3	101
Proceeds from disposal of investment securities	-	-	11	-
Dividend income	8,000	198	8,000	204
Repayment of advances from/(advances to) associates, net	26,460	(680)	25,736	(891)
Additions to intangible assets	-	-	-	(59)
Additions to investment properties	(6,572)	-	(64,416)	-
Net cash generated from/(used in) investing activities	13,795	(5,312)	(51,003)	(7,556)
Cash flows from financing activities:				
Repayment of loans and borrowings	(200,000)	-	(257,000)	(12,000)
Proceeds from loans and borrowings	55,414	195,475	86,874	230,475
Dividends paid	(25,681)	(25,933)	(25,681)	(25,933)
Share buyback	(3,795)	-	(7,344)	-
Net cash (used in)/generated from financing activities	(174,062)	169,542	(203,151)	192,542
Net increase/(decrease) in cash and cash equivalents	920	(41,645)	(91,556)	(22,806)
Cash and cash equivalents at beginning of the period	191,746	260,889	284,222	242,050
Cash and cash equivalents at end of the period	192,666	219,244	192,666	219,244
Cash and cash equivalents comprise:				
Short term deposits	8,100	9,688	8,100	9,688
Cash and bank balances	184,566	209,556	184,566	209,556
	192,666	219,244	192,666	219,244

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 generated from/(used in) operating activities

Net cash generated from operating activities for 2Q2014 as compared to a net cash used in operating activities for 2Q2013 was primarily due to progress claims from buyers of My Manhattan and 100 Pasir Panjang which obtained TOP in 1Q2014, progress claims from other development projects and profits for the quarter.

Net cash used generated from operating activities for 1H2014 as compared to a net cash used in operating activities for 1H2013 was mainly due to completion of two development projects, namely My Manhattan and 100 Pasir Panjang and progress claims from buyers of these two completed development projects as against the purchase of land at Yishun Avenue 9 for property development in the 1H2013.

Net cash generated from/(used in) investing activities

Net cash generated from investing activities for 2Q2014 as compared to net cash used in investing activities for 2Q2013 was mainly due to repayment of advances from associates and dividend received from associates. This was partially offset by the purchase of property, plant and equipment and increase in investment property in 2Q2014.

The increase in net cash used in investing activities for 1H2014 was due to construction and other costs incurred for our hotel under construction and addition and alteration works of CES Centre (along Chin Swee Road). This was partially offset by the repayment of advances from associates.

Net cash (used in)/generated from financing activities

Net cash used in financing activities for 2Q2014 was due to repayment of loans and borrowings for completed development projects and certain on-going projects in 2Q2014, payment of dividends and share buybacks, after offsetting loan drawn down for working capital.

Net cash used in financing activities for 1H2014 was due to repayment of loans and borrowings and share buybacks, after offsetting loan drawn down for the purchase of the office building at 420 St Kilda Road, Melbourne.

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	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total equity \$'000
At 1 January 2014	79,691	(12,006)	(533)	674	270	2,750	(14,231)	442,193	431,123	498,808
Total comprehensive income for the period	-	-	-	-	1,030	1,165	3,506	21,601	27,302	27,302
Share buyback	-	(3,549)	-	-	-	-	-	-	-	(3,549)
At 31 March 2014	79,691	(15,555)	(533)	674	1,300	3,915	(10,725)	463,794	458,425	522,561
Total comprehensive income for the period	-	-	-	-	(775)	14	1,441	18,630	19,310	19,310
Share buyback	-	(3,795)	-	-	-	-	-	-	-	(3,795)
Dividends paid	-	-	-	-	-	-	-	(25,681)	(25,681)	(25,681)
At 30 June 2014	79,691	(19,350)	(533)	674	525	3,929	(9,284)	456,743	452,054	512,395

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	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000	Total equity \$'000
At 1 January 2013	79,691	(10,922)	(533)	674	(4,038)	363	(3,540)	398,790	391,716	460,485
Reclassification	-	-	-	-	4,038	-	-	(4,038)	-	-
Total comprehensive income for the period	-	-	-	-	564	737	1,750	4,668	7,719	7,719
At 31 March 2013	79,691	(10,922)	(533)	674	564	1,100	(1,790)	399,420	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)	674	533	1,100	(11,760)	380,316	370,330	439,099

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 2014	79,691	(12,006)	(533)	270	115,897	183,319
Total comprehensive income for the period	-	-	-	1,030	(1,144)	(114)
Share buyback	-	(3,549)	-	-	-	(3,549)
At 31 March 2014	79,691	(15,555)	(533)	1,300	114,753	179,656
Total comprehensive income for the period	-	-	-	(775)	1,820	1,045
Share buyback	-	(3,795)	-	-	-	(3,795)
Dividends paid	-	-	-	-	(25,681)	(25,681)
At 30 June 2014	79,691	(19,350)	(533)	525	90,892	151,225

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

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 2014, the Company held 30,541,000 ordinary shares as treasury shares (30 June 2013 : 19,188,000 ordinary shares). The total number of issued shares of the Company excluding treasury shares as at 30 June 2014 and 30 June 2013 were 636,974,161 and 648,327,161 shares respectively.

There are no outstanding performance shares granted conditionally under the "Chip Eng Seng Performance Share Plan" as at 30 June 2014 and 30 June 2013.

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 30,541,000 (31 December 2013 : 20,698,000) shares as at 30 June 2014 and 31 December 2013 were 636,974,161 and 646,817,161 shares respectively.

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 2013, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2014.

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 2014	2Q 2013	1H 2014	1H 2013
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	2.90	1.05	6.26	1.77
(ii) On a fully diluted basis (in cents)	2.90	1.05	6.26	1.77

Notes:

(i) The computation of basic earnings per share was based on the weighted average of 642,496,824 ordinary shares (30 June 2013 : 648,327,161 ordinary shares).

(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 642,496,824 ordinary shares (30 June 2013 : 648,327,161 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 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	80.44	77.12	23.74	28.34

The computation of net asset value per ordinary share was based on 636,974,161 ordinary shares (excluding Treasury shares of 30,541,000) (31 December 2013 : 646,817,161 ordinary shares excluding Treasury shares of 20,698,000).

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

2Q2014 vs 2Q2013

Overall

The Group's total revenue increased by 13.4% to \$123.6 million in 2Q2014 compared to \$109.1 million in 2Q2013, due to higher revenue from the Construction division.

Gross profit increased by 32.5% to \$22.1 million in 2Q2014 compared to \$16.7 million in 2Q2013 due to profit recognised mainly from the Construction division.

As a result of higher revenue, the Group achieved higher pre-tax profit of \$19.8 million in 2Q2014, against \$9.1 million in 2Q2013.

Construction

Revenue increased 27.1% to \$85.1 million in 2Q2014 compared to \$66.9 million in the corresponding period last year. Revenue contribution was mainly from new and on-going projects, with more progress claims from Tampines N4C27, Jurong West N6C31, Yishun N5C2, Bukit Batok N1C13 & N2C23 and Bukit Panjang N4C15, partially offsetting lower progress claims from completed projects, Hougang N4C17 and Belysa.

- 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)**

Property Developments

Revenue decreased to \$36.8 million in 2Q2014 compared to \$41.5 million in 2Q2013. Revenue from 2Q2014 was derived mainly from on-going development projects from Junction Nine and Nine Residences - which are still in the initial stages of construction, and the sale of remaining units of some completed projects. In 2Q2013, revenue came mainly from the progressive recognition of revenue and profit from the recently completed project, My Manhattan.

Share of profit from associates of \$8.5 million in 2Q2014 was largely due to the profit recognised from a joint venture development project known as Belysa, which obtained its TOP in 2Q2014.

Property Investments

Revenue increased by 183.2% to \$1.7 million in 2Q2014 compared to \$0.6 million in 2Q2013, boosted by the rental income received from the tenants of the recently acquired office building at 420 St Kilda Road in Melbourne.

1H2014 vs 1H2013

Overall

The Group's total revenue increased by 34.2% to \$321.4 million in 1H2014 compared to \$239.4 million in 1H2013. This increase was due to higher revenue recognised from both the Construction and Property Development divisions.

Consequently, higher profits from both divisions were also recognised, boosting overall profitability. Gross profit increased by 49.5% to \$58.6 million in 1H2014 compared to \$39.2 million in 1H2013, while pre-tax profit rose by 195.4% to \$46.9 million in 1H2014 compared to \$15.9 million in 1H2013.

Construction

Revenue rose by 18.4% to \$156.8 million in 1H2014 compared to \$132.4 million in 1H2013. The increase was primarily due to several on-going projects which are at their active stage of construction. Higher gross profit was also achieved due to cost savings derived from the finalisation of accounts with various sub-contractors.

Property Developments

Revenue increased to \$162.0 million in 1H2014 compared to \$105.7 million in 1H2013. The rise was due to revenue recognised from a completed commercial project known as 100 Pasir Panjang. This development project obtained TOP in March 2014 and its revenue recognition was based on completed method. In addition, revenue was contributed by progressive revenue recognition of Junction Nine and Nine Residences in the current period. In 1H2013, revenue was primarily contributed by the progressive recognition of a development project known as My Manhattan.

Share of profit from associates in 1H2014 was derived mainly from the profit recognition of a development project, Belysa which obtained TOP in 2Q2014 and to a lesser extent, additional profits from Privé, which obtained TOP in July 2013.

Property Investments

Revenue increased by 93.8% to \$2.7 million for 1H2014 compared to \$1.4 million for 1H2013. The increase was due to rental income received from the tenants at 420 St Kilda Road, Melbourne.

Group Statement of Financial Position Review

The Group's net current assets decreased by \$121.9 million to \$499.4 million, mainly due to the repayment of loans and borrowings and purchase of an investment property. As a result, the Group's net debt/equity ratio decreased from 0.97 as at 31 December 2013 to 0.79 as at 30 June 2014.

Non-current liabilities decreased by \$50.9 million to \$451.2 million as at 30 June 2014 due to realisation of deferred tax liabilities and repayment of loans and borrowings.

Shareholders' equity increased from \$498.8 million as at 31 December 2013 to \$512.4 million as at 30 June 2014. The increase of \$13.6 million resulted from the profit contribution of \$40.2 million and a translation gain of \$4.9 million for the current year which was pared down by the dividend payment of \$25.7 million and the share buyback amounting to \$7.3 million.

- 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 2Q2014 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

The Group expects the private residential property market in Singapore to be more challenging as the cooling measures continue to take its toll on demand. These measures are likely to remain as the government has recently announced that it was too early to tweak the policies. Against this backdrop, the Group will continue to exercise prudence in tendering for land in Singapore so as to manage its exposure to the softening property market.

The Group's wholly-owned development projects, Belvia and Alexandra Central, are scheduled for completion in 3Q2014 and 4Q2014 respectively. Revenues and profits of both development projects will be recognised upon completion.

Outside Singapore, the Group will continue to focus on getting its two projects in Melbourne (Doncaster and Victoria Street) ready for launch. The Group intends to launch its residential development in Doncaster before the end of this year. The development will comprise approximately 105 townhouses and 72 low rise apartments. With regards to Tower Melbourne, there are issues pertaining to demolition works. The Group expects a delay in the completion of Tower Melbourne due to ongoing protracted proceedings with the adjoining owner as to what constitutes adequate protection work over the adjoining property.

Property Investments

The Group is carrying out addition and alteration ("A&A") works at the office building along Chin Swee Road (formerly known as San Centre and now renamed as CES Centre). The A&A works are expected to be completed by year end. Once completed, CES Centre is expected to generate stable rental income for the Group.

The Group's office building acquired in Melbourne has started to contribute positively to the Group's result since end March 2014.

Construction

The Group will continue to leverage on its track record in public housing to tender for the HDB projects. With the latest \$165.0 million HDB contract secured in June 2014, the Group's outstanding construction order book remained strong at \$548.0 million as of 30 June 2014. As for private sector projects, the construction volume generated from its Property Development division would be lower in the coming year.

Hospitality

The Group's hotel along Alexandra Road is currently under construction and is expected to be completed in 2015. Meanwhile, the acquisition of land in Malacca is still in the process of getting approval from the relevant authorities in Malacca and pending the fulfilment of other conditions precedent.

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/recommended, a statement to that effect

No dividend has been declared/recommended for the quarter ended 30 June 2014.

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 2014 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
6 August 2014