

**Second Quarter Financial Statement and Dividend Announcement for the Period Ended 30 June 2015****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 2015 \$'000	2Q 2014 \$'000		1H 2015 \$'000	1H 2014 \$'000	
<b>Revenue</b>							
- Property developments		106,524	36,830	189.2	194,131	161,958	19.9
- Construction		86,435	85,083	1.6	164,196	156,758	4.7
- Hospitality		1,451	-	NM	1,451	-	NM
- Property investments & others		2,700	1,722	56.8	4,501	2,717	65.7
		<u>197,110</u>	<u>123,635</u>	59.4	<u>364,279</u>	<u>321,433</u>	13.3
Cost of sales		(152,106)	(101,569)	49.8	(285,481)	(262,804)	8.6
<b>Gross profit</b>		<u>45,004</u>	<u>22,066</u>	104.0	<u>78,798</u>	<u>58,629</u>	34.4
Other items of income							
Interest income	1	538	163	230.1	944	458	106.1
Other income		574	756	(24.1)	1,270	1,609	(21.1)
Other items of expense							
Marketing and distribution	2	(8,529)	(2,721)	213.5	(10,440)	(3,517)	196.8
Administrative expenses	3	(10,804)	(8,160)	32.4	(19,735)	(17,574)	12.3
Finance costs	4	(3,846)	(871)	341.6	(6,290)	(1,555)	304.5
Share of results of associates	5	1,509	8,519	(82.3)	1,613	8,833	(81.7)
<b>Profit before tax</b>		<u>24,446</u>	<u>19,752</u>	23.8	<u>46,160</u>	<u>46,883</u>	(1.5)
Income tax expense	6	(4,814)	(1,122)	329.1	(8,301)	(6,652)	24.8
<b>Profit after tax</b>		<u><u>19,632</u></u>	<u><u>18,630</u></u>	5.4	<u><u>37,859</u></u>	<u><u>40,231</u></u>	(5.9)
<b>Profit attributable to:</b>							
Owners of the company		21,411	18,630	14.9	39,659	40,231	(1.4)
Non-controlling interests		(1,779)	-		(1,800)	-	
		<u><u>19,632</u></u>	<u><u>18,630</u></u>		<u><u>37,859</u></u>	<u><u>40,231</u></u>	(5.9)

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

	Group		+/(-) %	Group		+/(-) %
	2Q 2015 \$'000	2Q 2014 \$'000		1H 2015 \$'000	1H 2014 \$'000	
<b>Other income</b>						
Sales of materials	346	181	91.2	636	240	165.0
Government grants	62	86	(27.9)	428	276	55.1
Unrealised foreign exchange gain	-	377	(100.0)	-	951	NM
Others	166	112	48.2	206	142	45.1
	<u>574</u>	<u>756</u>		<u>1,270</u>	<u>1,609</u>	

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

Employee benefits expenses	15,797	16,716	(5.5)	31,810	34,487	(7.8)
Depreciation of property, plant and equipment	1,467	913	60.7	2,550	1,812	40.7
Operating lease expenses	156	157	(0.6)	313	314	(0.3)
Unrealised foreign exchange loss	442	-	NM	96	-	NM
	<u>17,862</u>	<u>17,886</u>		<u>34,769</u>	<u>36,603</u>	

Note:-

NM - Not meaningful.

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

**Notes to Group Income Statement**

- 1 The increase in interest income for 2Q2015 was due largely to interest income earned from more undeployed funds as compared to 2Q2014.
- 2 Higher marketing and distribution expenses in 2Q2015 was due principally to marketing expenses incurred for newly launched Williamsons Estate (in Melbourne, Australia) in January 2015 and pre-sales costs for High Park Residences (in Singapore) which was launched in July 2015.
- 3 Higher administrative expenses due to operating expenses for the hospitality division which commenced business in mid May 2015 and higher employees' incentive.
- 4 Finance cost was higher for 2Q2015 as a result of interest for the \$150.0 million Fixed Rate Notes issued in October 2014 and loans drawn down for working capital purpose.
- 5 Lower share of profit from associates for 2Q2015 was mainly due to absence of significant contribution from a joint venture project - Belysa.
- 6 The tax rate in 2Q2014 was lower than the Singapore statutory rate of 17% due principally to write back of tax provision in respect of prior year and higher share of profit from associates in 2Q2014.

1(a)(iii) Statement of Comprehensive Income

	Note	Group		+ / (-) %	Group		+ / (-) %
		2Q 2015 \$'000	2Q 2014 \$'000		1H 2015 \$'000	1H 2014 \$'000	
<b>Profit after tax</b>		19,632	18,630	5.4	37,859	40,231	(5.9)
Other comprehensive income:							
<i>Items that will not be reclassified to profit or loss</i>							
Net deficit on revaluation of freehold land and building		-	-		-	(367)	NM
Foreign currency translation loss on revaluation of freehold land and building		(60)	-	NM	(125)	-	NM
Share of gain on property revaluation of associates		-	-		191	1,190	(83.9)
Income tax relating to components of other comprehensive income		-	14	(100.0)	(11)	356	(103.1)
		(60)	14		55	1,179	
<i>Items that may be reclassified subsequently to profit or loss</i>							
Net gain/(loss) on fair value changes of available-for-sale financial assets		870	(775)	(212.3)	1,401	255	449.4
Foreign currency translation (loss)/gain	1	(2,998)	1,441	(308.0)	(6,061)	4,947	(222.5)
		(2,128)	666		(4,660)	5,202	
Other comprehensive income for the quarter/period, net of tax		(2,188)	680	(421.8)	(4,605)	6,381	(172.2)
<b>Total comprehensive income for the quarter/period</b>		<b>17,444</b>	<b>19,310</b>	<b>(9.7)</b>	<b>33,254</b>	<b>46,612</b>	<b>(28.7)</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the company		19,223	19,310	(0.5)	35,054	46,612	(24.8)
Non-controlling interests		(1,779)	-	NM	(1,800)	-	NM
		<b>17,444</b>	<b>19,310</b>	<b>(9.7)</b>	<b>33,254</b>	<b>46,612</b>	<b>(28.7)</b>

**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 loss for the quarter was due to the weakening 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

	The Group		The Company			
	Note	30 Jun 2015 \$'000	31 Dec 2014 \$'000	Note	30 Jun 2015 \$'000	31 Dec 2014 \$'000
<b>Non-current assets</b>						
Property, plant and equipment	1	229,027	213,525		1,591	1,704
Investment properties		286,896	288,983		-	-
Intangible assets		273	294		254	269
Investment in subsidiaries		-	-		48,302	48,302
Investment in associates		15,099	13,338		650	650
Other receivables		7,470	10,315	7	136,131	224,458
Investment securities		3,761	2,359		3,732	2,331
		542,526	528,814		190,660	277,714
<b>Current assets</b>						
Gross amount due from customers for contract work-in-progress		7,317	9,137		-	-
Development properties	2	1,014,630	923,559		-	-
Assets held for sale		39,058	40,249		-	-
Prepayments and deposits		4,596	5,075		1,752	2,293
Trade and other receivables	3	124,293	216,441		23,669	31,642
Cash and short-term deposits		310,666	285,049		54,027	22,970
		1,500,560	1,479,510		79,448	56,905
<b>Total assets</b>		<b>2,043,086</b>	<b>2,008,324</b>		<b>270,108</b>	<b>334,619</b>
<b>Deduct: Current liabilities</b>						
Loans and borrowings	4	149,350	2,400		-	-
Gross amount due to customers for contract work-in-progress		27,686	20,104		-	-
Trade and other payables		113,886	110,543		112	1,527
Other liabilities	5	31,227	56,757	5	3,387	22,032
Income tax payable		41,863	54,542		-	-
		364,012	244,346		3,499	23,559
<b>Net current assets</b>		<b>1,136,548</b>	<b>1,235,164</b>		<b>75,949</b>	<b>33,346</b>
<b>Deduct: Non-current liabilities</b>						
Loans and borrowings	4	843,689	938,416		150,000	150,000
Trade and other payables	6	93,073	79,481		-	-
Other liabilities		1,048	1,916		-	-
Deferred tax liabilities		15,261	7,753		5	5
		953,071	1,027,566		150,005	150,005
<b>Net assets</b>		<b>726,003</b>	<b>736,412</b>		<b>116,604</b>	<b>161,055</b>
<b>Equity attributable to owners of the Company</b>						
Share capital		79,691	79,691		79,691	79,691
Treasury shares		(33,653)	(27,374)		(33,653)	(27,374)
Retained earnings		699,520	697,245		69,253	108,826
Other reserves		(18,152)	(13,547)		1,313	(88)
		727,406	736,015		116,604	161,055
Non-controlling interests		(1,403)	397		-	-
<b>Total equity</b>		<b>726,003</b>	<b>736,412</b>		<b>116,604</b>	<b>161,055</b>

**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 Park Hotel Alexandra.
- The increase in development properties was mainly due to the development costs incurred for on-going development projects; namely, Fulcrum, Nine Residences & Junction Nine, High Park Residences and Williamson Estate (Melbourne, Australia).
- The decrease in trade and other receivables for the Group was mainly due to payments received from owners of the three completed development projects (100 Pasir Panjang, My Manhattan and Alexandra Central) following the receipts of TOP of these projects in 2014.
- The increase in loans and borrowings was due to drawn down of loans for property development and working capital.
- The decrease in other liabilities for the Group and the Company was mainly due to the payment of year end expenses accrued.
- The increase in trade and other payables was due to loans extended to the Group's joint venture project by minority shareholders.

**The Company**

- The decrease in trade and other receivables was due to repayment of loans by subsidiaries.

**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 2015 \$'000	As at 31 Dec 2014 \$'000
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	149,350	2,400
- Unsecured	-	-
<b>Amount repayable after one year</b>		
- Secured	693,689	788,416
- Unsecured	150,000	150,000

**Details of any collateral**

The Group's borrowings of \$993.0 million are loans taken to finance property development projects, investment properties and hotel, and for working capital.

The Group's borrowings are mainly secured by :

- (a) legal mortgage on the development properties, investment properties and hotel 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 project; and
- (h) corporate guarantee from the Company.

The unsecured borrowings of \$150.0 million relates to the issuance of \$150.0 million Fixed Rate Notes (the "Notes") on 17 October 2014 under Chip Eng Seng Corporation Ltd's \$500.0 million Multicurrency Debt Issuance Programme. The Notes bear interest at the rate of 4.25 per cent. per annum payable semi-annually in arrear and will due on 17 October 2017.

**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 2015 \$'000	2Q 2014 \$'000	1H 2015 \$'000	1H 2014 \$'000
<b>Cash flows from operating activities</b>				
<b>Operating profit before taxation</b>	<b>24,446</b>	<b>19,752</b>	<b>46,160</b>	<b>46,883</b>
<b>Adjustments for:</b>				
Depreciation and amortisation	1,477	924	2,571	1,833
Interest income	(538)	(163)	(944)	(458)
Interest expense	3,846	871	6,290	1,555
Net gain on disposal of property, plant and equipment	(20)	-	(25)	(1)
Foreign currency translation adjustment	(1,524)	1,373	(3,156)	4,861
Net fair value gain on investment securities	-	-	-	(29)
Share of results of associates	(1,509)	(8,519)	(1,613)	(8,833)
Net loss on disposal of investment securities	-	-	-	2
Property, plant and equipment written off	-	-	3	-
<b>Operating profit before reinvestment of working capital</b>	<b>26,178</b>	<b>14,238</b>	<b>49,286</b>	<b>45,813</b>
(Increase)/decrease in development properties	(60,225)	21,123	(91,071)	173,584
Increase in assets held for sale	(251)	-	(530)	-
Decrease/(increase) in trade and other receivables	6,542	116,661	92,249	(67,881)
Decrease in prepayments and deposits	(440)	1,778	479	6,486
Increase in gross amount due to customers for contract work-in-progress, net	478	2,687	9,402	16,635
Increase/(decrease) in trade and other payables	9,513	10,632	13,238	(1,246)
(Decrease)/increase in other liabilities	(19,687)	(5,725)	(26,398)	(4,862)
<b>Cash (used in)/generated from operations</b>	<b>(37,892)</b>	<b>161,394</b>	<b>46,655</b>	<b>168,529</b>
Interest paid	(5,508)	(1,033)	(6,172)	(1,758)
Interest received	537	2,218	943	2,323
Income tax paid	(12,719)	(1,392)	(13,485)	(6,496)
<b>Net cash (used in)/generated from operating activities</b>	<b>(55,582)</b>	<b>161,187</b>	<b>27,941</b>	<b>162,598</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(5,005)	(14,095)	(18,639)	(20,337)
Proceeds from disposal of property, plant and equipment	20	2	186	3
Proceeds from disposal of investment securities	-	-	-	11
Dividend income	74	8,000	130	8,000
Repayment of advances from associates, net	3,698	26,460	6,235	25,736
Additions to investment properties	(5)	(6,572)	(43)	(64,416)
<b>Net cash (used in)/generated from investing activities</b>	<b>(1,218)</b>	<b>13,795</b>	<b>(12,131)</b>	<b>(51,003)</b>

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)

	Group		Group	
	2Q 2015 \$'000	2Q 2014 \$'000	1H 2015 \$'000	1H 2014 \$'000
<b>Cash flows from financing activities:</b>				
Repayment of loans and borrowings	(16,025)	(200,000)	(78,725)	(257,000)
Proceeds from loans and borrowings	132,195	55,414	132,195	86,874
Dividends paid	(37,384)	(25,681)	(37,384)	(25,681)
Share buyback	(3,940)	(3,795)	(6,279)	(7,344)
<b>Net cash generated from/(used in) financing activities</b>	<b>74,846</b>	<b>(174,062)</b>	<b>9,807</b>	<b>(203,151)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>18,046</b>	<b>920</b>	<b>25,617</b>	<b>(91,556)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>292,620</b>	<b>191,746</b>	<b>285,049</b>	<b>284,222</b>
<b>Cash and cash equivalents at end of the period</b>	<b>310,666</b>	<b>192,666</b>	<b>310,666</b>	<b>192,666</b>
<b>Cash and cash equivalents comprise:</b>				
Short term deposits	200,706	8,100	200,706	8,100
Cash and bank balances	109,960	184,566	109,960	184,566
	<b>310,666</b>	<b>192,666</b>	<b>310,666</b>	<b>192,666</b>

**Net cash (used in)/generated from operating activities**

Net cash used in operating activities for 2Q2015 was due to increased development expenditure. Net cash generated from operating activities was due to progress claims from buyers of My Manhattan and 100 Pasir Panjang which obtained TOP in 1Q2014.

Lower net cash generated from operating activities for 1H2015 as compared to 1H2014 was due to decreased net inflows from property development projects in 1H2015.

**Net cash (used in)/generated from investing activities**

Net cash used in investing activities for 2Q2015 was mainly due to purchase of property, plant and equipment, partly offset by repayment of advances from associates. Net cash generated from investing activities for 2Q2014 was due mainly to more repayment of advances from associates.

Lower net cash used in investing activities for 1H2015 as compared to 1H2014 was due to the absence of acquisition of investment property. In 1H2014, the Group acquired an office building at 420 St Kilda Road in Melbourne, Australia.

**Net cash generated from/(used in) financing activities**

Net cash generated from financing activities for 2Q2015 and 1H2015 was due to net borrowings from banks whilst net cash used in financing activities for 2Q2014 and 1H2014 was due to higher repayment of borrowings.

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									Non-controlling interests \$'000	Total equity \$'000
	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		
<b>At 1 January 2015</b>	79,691	(27,374)	(533)	674	445	4,110	(18,243)	697,245	683,698	397	736,412
Total comprehensive income for the period	-	-	-	-	531	115	(3,063)	18,248	15,831	(21)	15,810
Share buyback	-	(2,339)	-	-	-	-	-	-	-	-	(2,339)
<b>At 31 March 2015</b>	79,691	(29,713)	(533)	674	976	4,225	(21,306)	715,493	699,529	376	749,883
Total comprehensive income for the period	-	-	-	-	870	(60)	(2,998)	21,411	19,223	(1,779)	17,444
Share buyback	-	(3,940)	-	-	-	-	-	-	-	-	(3,940)
Dividends paid	-	-	-	-	-	-	-	(37,384)	(37,384)	-	(37,384)
<b>At 30 June 2015</b>	79,691	(33,653)	(533)	674	1,846	4,165	(24,304)	699,520	681,368	(1,403)	726,003

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
<b>At 1 January 2014</b>	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)
<b>At 31 March 2014</b>	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)
<b>At 30 June 2014</b>	79,691	(19,350)	(533)	674	525	3,929	(9,284)	456,743	452,054	512,395

**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
<b>At 1 January 2015</b>	79,691	(27,374)	(533)	445	108,826	161,055
Total comprehensive income for the period	-	-	-	531	(920)	(389)
Share buyback	-	(2,339)	-	-	-	(2,339)
<b>At 31 March 2015</b>	79,691	(29,713)	(533)	976	107,906	158,327
Total comprehensive income for the period	-	-	-	870	(1,269)	(399)
Share buyback	-	(3,940)	-	-	-	(3,940)
Dividends paid	-	-	-	-	(37,384)	(37,384)
<b>At 30 June 2015</b>	79,691	(33,653)	(533)	1,846	69,253	116,604

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2014</b>	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)
<b>At 31 March 2014</b>	79,691	(15,555)	(533)	1,300	114,753	179,656
Total comprehensive income for the period	-	-	-	(775)	1,820	1,045
Dividends paid	-	-	-	-	(25,681)	(25,681)
Share buyback	-	(3,795)	-	-	-	(3,795)
<b>At 30 June 2014</b>	79,691	(19,350)	(533)	525	90,892	151,225

**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 2015, the Company held 46,501,100 ordinary shares as treasury shares (30 June 2014 : 30,541,000 ordinary shares). The total number of issued shares of the Company excluding treasury shares as at 30 June 2015 and 30 June 2014 were 621,014,061 and 636,974,161 shares respectively.

There are no performance shares being granted under the "Chip Eng Seng Performance Share Plan" as at 30 June 2015 and 30 June 2014.

**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 46,501,100 (31 December 2014 : 39,646,000) shares as at 30 June 2015 and 31 December 2014 were 621,014,061 and 627,869,161 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 as no treasury shares had been sold, transferred, disposed, cancelled or used in any other manner.

**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 2014, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2015.

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 2015	2Q 2014	1H 2015	1H 2014
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	3.42	2.90	6.34	6.26
(ii) On a fully diluted basis (in cents)	3.42	2.90	6.34	6.26

**Notes:**

- (i) The computation of basic earnings per share was based on the weighted average of 625,159,848 ordinary shares (30 June 2014 : 642,496,824 ordinary shares).
- (ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 625,159,848 ordinary shares (30 June 2014 : 642,496,824 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 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	117.13	117.22	18.78	25.65

The computation of net asset value per ordinary share was based on 621,014,061 ordinary shares (excluding Treasury shares of 46,501,100) (31 December 2014 : 627,869,161 ordinary shares excluding Treasury shares of 39,646,000).

**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**

**2Q2015 vs 2Q2014**

**Overall**

The Group's total revenue increased by 59.4% to \$197.1 million in 2Q2015, compared to \$123.6 million in 2Q2014, due to higher contribution from the Property Development division.

In line with the higher revenue, gross profit also increased due principally to higher margin from Property Development division.

As a result of higher revenue and margin, the Group posted higher pre-tax profit of \$24.4 million in 2Q2015 than \$19.8 million in 2Q2014.

**Property Developments**

Revenue increased from \$36.8 million in 2Q2014 to \$106.5 million in 2Q2015, mainly due to higher progressive recognition of a development project known as Nine Residences & Junction Nine in Yishun.

**Construction**

Revenue remained comparable to that of 2Q2014. Revenue for 2Q2015 was mainly derived from Sembawang N1C10, Jurong West N6C31 and Bukit Batok N1C13 & N2C23, which were in their active stage of construction.

**Hospitality**

The Group's maiden hotel – Park Hotel Alexandra, which commenced business in May 2015, delivered \$1.5 million revenue from its room and food & beverage sales.

**Property Investments & others**

Revenue rose 56.8% to \$2.7 million in 2Q2015, against \$1.7 million in 2Q2014 due principally to rental income contributed by CES Centre, which commenced its leasing business from 1Q2015.

**1H2015 vs 1H2014**

**Overall**

The Group's total revenue rose by 13.3% to \$364.3 million in 1H2015 from \$321.4 million in 1H2014 due to stronger contributions from the Property Development division.

With the improved profitability from certain projects, gross profit increased by 34.4% to \$78.8 million for 1H2015 as compared to \$58.6 million in 1H2014. However, pre-tax profit decreased by 1.5% to \$46.2 million in 1H2015 due to higher finance cost, marketing expenses for new launches and operating expenses incurred for the hospitality division which commenced business in mid May 2015.

- 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**

#### **Property Developments**

Revenue increased to \$194.1 million in 1H2015 compared to \$162.0 million in 1H2014. Revenue for 1H2015 was primarily contributed by the progressive recognition of Nine Residences & Junction Nine. Back in 1H2014, revenue was primarily contributed by 100 Pasir Panjang which was recognised on a completion of construction method in 1Q2014.

Lower share of profit from associates for 1H2015 was mainly due to absence of significant contribution from a joint venture project - Belysa.

#### **Construction**

Revenue rose by 4.7% to \$164.2 million in 1H2015 compared to \$156.8 million in 1H2014. The increase was primarily due to several on-going projects which are at their active stage of construction. In addition, precast projects also posted a strong growth during the period.

#### **Property Investments & Others**

Revenue from Property Investments Division grew by 65.7% to \$4.5 million in 1H2015, compared to \$2.7 million in 1H2014 due to absence of rental income from CES Centre commencing in early 2015.

#### **Group Statement of Financial Position Review**

The Group's net current assets decreased by \$98.6 million to \$1.14 billion, due largely to certain loans becoming payable within the next 12 months. This also resulted in decrease in non-current liabilities by \$74.5 million to \$953.1 million as at 30 June 2015.

Shareholders' equity decreased from \$736.4 million as at 31 December 2014 to \$726.0 million as at 30 June 2015. The decrease was mainly attributed by dividend payment of \$37.4 million, share buyback of \$6.3 million and translation loss of \$6.1 million which were partly offset by profit contribution for the current period of \$37.9 million. As a result of net borrowings from banks, the Group's net debt to equity ratio rose from 0.89 as at 31 December 2014 to 0.94 as at 30 June 2015.

- 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 2Q2015 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**

Despite the challenging outlook for property market, the Group did well in its recent launch of High Park Residences. The development achieved a remarkable sale with more than 80% units sold in the first week of its debut. In the remaining of 2H2015, the Group will continue to market the remaining units of High Park Residences whilst preparing for relaunch of Fulcrum. The Group will continue to exercise prudence in its land acquisition in Singapore.

In Australia, Williamsons Estate, a suburban project with 104 townhouses and one apartment block, had seen a strong take-up rate in 2Q2015 for its townhouses since being launched in 1Q2015. To-date, more than 90% of the townhouses has been sold. Preparation works are now underway to launch the apartments of this project in 1Q2016.

As regards to Tower Melbourne, the litigation is still on-going with certain rulings expected before the end of 2015.

#### **Property Investments**

In Singapore, the Group currently holds one office building (CES Centre), one industrial building (CES Building) and three shop houses. Amid the challenging property markets, the Group will exercise prudence in expanding its investment properties portfolio in Singapore.

In Australia, the Group holds an office building (420 St Kilda Melbourne). With interest and exchange rates heading south, Australia properties remain attractive. When opportunities arise, the Group will acquire commercial buildings to generate more recurring incomes for the Group.

#### **Construction**

After clinching a large HDB project in Tampines in 1Q2015, the Group's order book, which stood at \$715.7 million as at 30 June 2015, remains healthy. The public housing will remain as the Group's main source of new contracts in months to come.

#### **Hospitality**

Our maiden hotel – Park Hotel Alexandra, started its operations in mid May 2015 as scheduled. The hotel management has rolled out various sales and marketing initiatives to promote the hotel among the tourists, corporate clients, travel portals and agencies. We expect continuous rise in occupancy rates in the coming months as effects of these initiatives kick in.



**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 2015.

**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 Hoon Tai Meng, 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 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Lim Tiang Chuan  
Executive Deputy Chairman

Hoon Tai Meng  
Executive Director

**BY ORDER OF THE BOARD**

**Hoon Tai Meng**  
**Executive Director**  
**4 August 2015**