



First Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2010

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

		Group		
	Note	1Q 2010 \$'000	1Q 2009 \$'000	+ / (-) %
Revenue				
- Construction		79,316	76,172	4.1
- Property developments		20,357	2,426	739.1
- Property investments		402	401	0.2
		<u>100,075</u>	<u>78,999</u>	26.7
Cost of sales		(96,796)	(77,449)	25.0
		<u>3,279</u>	<u>1,550</u>	111.5
Gross profit				
Other items of income				
Interest income	1	1,293	1,383	(6.5)
Dividend income from investment securities		5	1	400.0
Other income	2	335	2,300	(85.4)
Other items of expense				
Marketing and distribution	3	(682)	(399)	70.9
Administrative expenses	4	(3,936)	(5,553)	(29.1)
Finance costs	5	(283)	(944)	(70.0)
Share of results of associates	6	<u>25,906</u>	<u>14,844</u>	74.5
Profit before tax		25,917	13,182	96.6
Income tax expense	7	(1,114)	(767)	45.2
		<u>24,803</u>	<u>12,415</u>	99.8
Profit after tax				
Profit attributable to:				
Equity holders of the company		24,804	12,408	99.9
Minority interest		(1)	7	(114.3)
		<u>24,803</u>	<u>12,415</u>	

Note:-

NM - Not meaningful.

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

	Group		
	1Q 2010 \$'000	1Q 2009 \$'000	+ / (-) %
Other income			
Unrealised foreign exchange gain	-	48	NM
Management fee received from an associate	17	-	NM
Jobs credit grant from government	88	179	(50.8)
Deposits forfeited from buyers	-	168	NM
Reversal of impairment loss on trade receivables - development projects	-	1,740	NM
Net fair value gain on interest rate swap	18	-	NM
Others	212	165	28.5
	<u>335</u>	<u>2,300</u>	

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

Depreciation of property, plant and equipment	(264)	(256)	3.1
Amortisation of intangible assets	(3)	(3)	-
Employee benefits expenses	(9,249)	(8,179)	13.1
Operating lease expenses	(274)	(252)	8.7
Net fair value loss on investment securities	(14)	(26)	(46.2)
Unrealised foreign exchange loss	(180)	-	NM
Net loss on disposal of property, plant and equipment	-	(7)	NM
	<u>-</u>	<u>(7)</u>	

Notes to Group Profit and Loss Account

- 1 Interest income related mainly to interest charged for loans to associates.
- 2 Other income was significantly higher in 1Q2009 as compared to 1Q2010 as a result of the reversal of impairment loss on trade receivables. The reversal in 1Q2009 was for default buyers of a development project, Ventuno Balmoral, who subsequently settled the outstanding balance and for those units repossessed from default buyers.
- 3 Increase in marketing and distribution expenses was mainly due to marketing expenses incurred for a wholly owned development project, Oasis@Elias, which was launched for sale in the second half of 2009.
- 4 Administrative expenses was significantly higher in 1Q2009 as compared to 1Q2010 as a result of the payment of \$2.1 million arrangement and structuring fee in 1Q2009 for a \$60 million term loan facility obtained to refinance the redemption of the \$60 million MTN Notes due on 9 April 2009.
- 5 Decrease in finance costs was due to lower bank borrowings for 1Q2010 as compared to 1Q2009 as a result of repayment of bank borrowings.
- 6 The share of results of associates related mainly to share of profit from joint venture property development projects. The increase in 1Q2010 as compared to 1Q2009 was due to the progressive recognition of profit from development projects.
- 7 Increase in income tax was mainly due to the taxation for profitable subsidiaries.

1(a)(iii) Statement of Comprehensive Income

	Group		
	1Q 2010 \$'000	1Q 2009 \$'000	+ / (-) %
Profit after tax	24,803	12,415	99.8
Other comprehensive income:			
Net gain on available-for-sale financial assets	73	17	329.4
Net effect of exchange differences	109	168	(35.1)
Other comprehensive income for the quarter, net of tax	182	185	
Total comprehensive income for the quarter	<u>24,985</u>	<u>12,600</u>	
Total comprehensive income attributable to:			
Equity holders of the company	24,986	12,593	98.4
Minority interest	(1)	7	(114.3)
	<u>24,985</u>	<u>12,600</u>	

1(b)(i) A balance sheet (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	
		31 Mar	31 Dec	31 Mar	31 Dec
		2010	2009	2010	2009
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment		2,447	2,705	420	465
Investment properties		30,206	30,206	-	-
Intangible assets		88	92	3	3
Investment in subsidiaries		-	-	33,302	33,302
Investment in associates	1	195,466	170,517	650	650
Other receivables		34,982	34,758	74,816	74,816
Investment securities		2,395	2,337	2,192	2,119
Current assets					
Gross amount due from customers for contract work-in-progress	2	2,212	1,292	-	-
Completed properties held for sale		2,599	3,494	-	-
Development properties	3	124,603	118,644	-	-
Prepaid operating expenses		276	176	38	2
Trade and other receivables	4	143,435	151,938	11,056	10,664
Cash and cash equivalents	5	98,070	76,104	3,360	3,171
		371,195	351,648	14,454	13,837
Deduct: Current liabilities					
Loans and borrowings	5	50,000	24,500	-	-
Derivatives		2	20	-	-
Gross amount due to customers for contract work-in-progress	2	88,836	76,992	-	-
Provisions		633	633	-	-
Trade and other payables	4	101,777	120,672	9,634	8,816
Other liabilities		15,934	16,803	8,462	8,202
Income tax payable	6	6,385	4,782	479	479
		263,567	244,402	18,575	17,497
Net current assets/(liabilities)		107,628	107,246	(4,121)	(3,660)
Deduct: Non-current liabilities					
Loans and borrowings	5	89,048	89,048	-	-
Deferred taxation		1,497	1,131	5	5
		90,545	90,179	5	5
Net assets		282,667	257,682	107,257	107,690
Equity attributable to equity holders of the Company					
Share capital		79,691	79,691	79,691	79,691
Treasury shares		(4,826)	(4,826)	(4,826)	(4,826)
Retained earnings		209,202	184,398	35,206	35,712
Other reserves		(1,628)	(1,810)	(2,814)	(2,887)
		282,439	257,453	107,257	107,690
Minority interest		228	229	-	-
Total equity		282,667	257,682	107,257	107,690

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

Notes to Balance Sheet

- 1 The increase was due to the Group's share of results of associates after deducting for dividend received.
- 2 The overall net increase in gross amount due to customers for contract work-in-progress was due to the recognition of progress billings for ongoing projects and also due to the completion of several construction projects in the previous year.
- 3 The increase was due to the ongoing construction cost incurred for a 100% owned property development project, Oasis@Elias.
- 4 The decrease was due to the normal repayment from trade receivables and settlement of payables.
- 5 The improvement in cash and cash equivalents was mainly due to the additional drawdown of bank borrowings in the current quarter. The additional drawdown was to finance the Group's investment activities and operating activities.
- 6 The increase for the Group was due to the provision for taxation for profitable subsidiaries.

1(b)(ii) Aggregate amount of 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 31 Mar 2010	As at 31 Dec 2009
	\$'000	\$'000
Amount repayable in one year or less, or on demand		
- Secured	50,000	22,500
- Unsecured	-	2,000
Amount repayable after one year		
- Secured	89,048	89,048
- Unsecured	-	-

Details of any collateral

The secured borrowing of \$89.0 million relates to a development property and is secured by the followings:

- (a) legal mortgage on the development property;
- (b) subordination of shareholder's loan to the development property company;
- (c) assignment of sale proceeds of the development property;
- (d) assignment of all rights, title, interest and benefits under contracts in respect of the development property; and
- (e) corporate guarantee from the Company.

The secured borrowing of \$50 million is secured by the followings:

- (a) assignment of dividends to be received from a 50% joint-venture company;
- (b) charge of a bank account with the banker; and
- (c) corporate guarantee from the Company.

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

	Group	
	1Q 2010	1Q 2009
	\$'000	\$'000
Cash flows from operating activities		
Operating profit before taxation	25,917	13,182
Adjustments for:		
Depreciation and amortisation	267	259
Interest income	(1,293)	(1,383)
Dividend income from investment securities	(5)	(1)
Interest expense	283	944
Net loss on disposal of property, plant and equipment	-	7
Foreign currency translation adjustment	108	168
Net fair value loss on investments securities	14	26
Net fair value gain on interest rate swap	(18)	-
Share of results of associates	(25,906)	(14,844)
Reversal of impairment on trade receivables	-	(1,740)
Operating loss before reinvestment of working capital	(633)	(3,382)
Decrease in completed properties held for sale	895	2,969
Increase in development properties	(5,958)	(9,924)
Decrease in trade and other receivables	9,640	35,706
(Increase)/decrease in prepaid operating expenses	(100)	25
Increase in gross amount due to customers for contract work-in-progress	10,925	16,149
Decrease in trade and other payables	(19,046)	(33,780)
Decrease in other liabilities	(868)	(868)
Cash (used in)/generated from operations	(5,145)	6,895
Interest paid	(132)	(856)
Interest received	35	20
Income tax (paid)/refund	855	(1,822)
Net cash (used in)/generated from operating activities	(4,387)	4,237
Cash flows from investing activities:		
Purchase of property, plant and equipment	(19)	(133)
Proceeds from disposal of property, plant and equipment	15	59
Dividend income	561	1
Advances to associates	(104)	(10,117)
Proceeds from disposal of an associate	400	-
Net cash generated from/(used in) investing activities	853	(10,190)
Cash flows from financing activities:		
Proceeds from/(repayment of) loans and borrowings, net	25,500	(12,000)
Repayment of obligations under finance leases	-	(13)
Net cash generated from/(used in) financing activities	25,500	(12,013)
Net increase /(decrease) in cash and cash equivalents	21,966	(17,966)
Cash and cash equivalents at beginning of the quarter	76,104	47,891
Cash and cash equivalents at end of the quarter	98,070	29,925
Cash and cash equivalents comprise:		
Short term deposits	27,527	1,507
Cash and bank balances	70,543	28,418
	98,070	29,925

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

Cash Flow review

Net cash (used in)/generated from operating activities

Net cash used in operating activities was \$4.4 million as compared to net cash generated of \$4.2 million for the corresponding quarter last year. The cash outflow was mainly due to settlement of payables due to the completion of several construction projects in the previous year.

Net cash generated from/(used in) investing activities

The cash inflow of \$0.9 million this current quarter was due to lesser advances to associates as compared to cash used of \$10.2 million in the corresponding quarter last year mainly due to more advances to associates to finance its operation.

Net cash generated from/(used in) financing activities

The cash inflow of \$25.5 million for this current quarter was due to additional drawdown of bank borrowing as compared to cash used of \$12.0 million in the corresponding quarter last year due mainly to the repayment of bank borrowing.

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 equity holders of the Company							Minority interest \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000		
At 1 January 2010	79,691	(4,826)	674	(2,887)	403	184,398	182,588	229	257,682
Total comprehensive income/ (expense) for the period	-	-	-	73	109	24,804	24,986	(1)	24,985
At 31 March 2010	79,691	(4,826)	674	(2,814)	512	209,202	207,574	228	282,667

Group	Attributable to equity holders of the Company							Minority interest \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total reserves \$'000		
At 1 January 2009	79,691	(4,826)	674	(3,815)	(510)	114,073	110,422	175	185,462
Total comprehensive income for the period	-	-	-	17	168	12,408	12,593	7	12,600
At 31 March 2009	79,691	(4,826)	674	(3,798)	(342)	126,481	123,015	182	198,062

Company	Issued capital \$'000	Treasury shares \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2010	79,691	(4,826)	(2,887)	35,712	107,690
Total comprehensive income/ (expense) for the period	-	-	73	(506)	(433)
At 31 March 2010	79,691	(4,826)	(2,814)	35,206	107,257

Company	Issued capital \$'000	Treasury shares \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
At 1 January 2009	79,691	(4,826)	(3,815)	15,275	86,325
Total comprehensive income for the period	-	-	17	8,675	8,692
At 31 March 2009	79,691	(4,826)	(3,798)	23,950	95,017

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 31 March 2010, the Company held 8,000,000 ordinary shares as treasury shares (31 March 2009: 8,000,000 ordinary shares). The total number of issued shares of the Company excluding treasury shares as at 31 March 2010 and 31 March 2009 were 659,515,161 ordinary shares.

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 8,000,000 shares as at 31 March 2010 and 31 December 2009 were 659,515,161 shares.

1(d)(iv) A statement showing all sales, transfer, 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 first quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2009, as well as all the applicable Financial Reporting Standards ("FRS") which became effective for the financial year beginning on or after 1 January 2010. The adoption of those new and revised FRSs has no material effect on the current financial statements for the current year.

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	
	1Q 2010	1Q 2009
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue (in cents)	3.76	1.88
(ii) On a fully diluted basis (in cents)	3.76	1.88

Notes:

The computation of basic earnings and fully diluted basic earnings per share were based on the weighted average of 659,515,161 ordinary shares (31 March 2009 : 659,515,161 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	
	31 Mar 2010	31 Dec 2009	31 Mar 2010	31 Dec 2009
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	42.83	39.04	16.26	16.33

The computation of net asset value per ordinary share was based on 659,515,161 ordinary shares (after excluding Treasury shares of 8,000,000) (31 December 2009 : 659,515,161).

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

Overall

The Group's total revenue increased by 26.7% to \$100.1 million for 1Q2010 compared to \$79.0 million for 1Q2009.

Gross profit more than doubled from \$1.5 million to \$3.3 million, due to profit recognised from the sale of a 100% owned property development project, Oasis@Elias, which was launched in the second half of 2009.

Group pre-tax and after-tax profits for 1Q2010 increased by 96.6% to \$25.9 million and 99.8% to \$24.8 million respectively compared to 1Q2009. The increase was mainly attributed to the increase in contribution from the share of results of associates during the quarter.

Construction

The Group's revenue marginally increased by 4.1% to \$79.3 million for 1Q2010 as compared to \$76.2 million in 1Q2009. The contribution mainly came from ongoing projects such as The Parc Condominium, CityVista Residences, Grange Infinite, Sengkang N4C3, Queenstown RC25 and Punggol West C25.

Property Development

Revenue increased by 739.1% to \$20.4 million in 1Q2010 as compared to \$2.4 million in 1Q2009. The increase was due to revenue recognised from sale of units in a property development project, Oasis@Elias, which was launched in the second half of 2009.

Share of results of associates increased by 74.5% to \$25.9 million in 1Q2010 as compared to \$14.8 million in 1Q2009. The increase was due to the progressive recognition of profits from joint development projects with strategic partners, such as The Parc Condominium, CityVista Residences and Grange Infinite.

Property Investment

Revenue contribution for current quarter was comparable to that of 1Q2010.

Group Balance Sheet Review

The Group's financial position remains healthy. Cash and cash equivalents stood at \$98.1 million compared to \$29.9 million a year ago. Total bank borrowings were \$139.0 million as at 31 March 2010, up from \$113.5 million as at 31 December 2009. However, due to the significantly higher profit achieved during the quarter, the Group's net debt/equity ratio was 0.14 as at 31 March 2010 as compared to 0.15 as at 31 December 2009.

Net current assets and non-current liabilities as at 31 March 2010 remained comparable to 31 December 2009.

Shareholders' equity expanded from \$257.5 million to \$282.4 million as a result of the higher profits achieved. As a result, net asset value per share rose from 39.0 cents to 42.8 cents.

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 1Q2010 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 know factors or events that may affect the group in the next reporting period and the next 12 months

The Group expects to obtain TOP for its two 50% joint venture development projects namely The Parc Condominium and CityVista Residences in the current year. As at 31 March 2010, The Parc Condominium and CityVista Residences are 95.4% and 54.3% sold respectively.

The Group remains upbeat on the residential property market in the region and has been actively replenishing its landbank in the last few months. In Singapore, the Group has entered into an option to purchase 16 units of freehold terrace houses at Fort Road. In Australia, the Group was awarded the tender for a prime CBD land parcel in Melbourne. On 10 May 2010, the Group announced that it has entered into a 50:50 joint venture with an Australian property developer and investor, to jointly acquire and develop a plot of land in the up-and-coming Scarborough seaside suburb in Perth. The acquisitions and investments are in-line with the Group's ongoing expansion plan to build a portfolio of quality residential development projects in Singapore and other overseas markets.

The Singapore construction sector remains promising; the average annual construction demand for the next two years, 2011 and 2012, is projected to be between \$18 billion and \$25 billion (Source: Building and Construction Authority). In addition, the Housing and Development Board plans to launch about 12,300 new Build-To-Order (BTO) flat by September this year. More projects will be launched in 4th quarter 2010 if demand is sustained. We are actively tendering for construction projects, leveraging on our extensive experience and track record.

As at 31 March 2010, the Group's outstanding order book for its construction contracts stood at \$316 million.

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 31 March 2010.

13 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 first quarter ended 31 March 2010 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
Group Chief Executive Officer

BY ORDER OF THE BOARD

Chia Lee Meng Raymond
Group Chief Executive Officer

12 May 2010