UNITED ENGINEERS LIMITED
(Company Registration No. 191200018G)

Q1 2014 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q1 RESULTS

These figures have not been audited.

1(a)(i) Income statement for the first quarter ended

	Group		
	31/3/2014	31/3/2013	Change
	$000	$000	%
Revenue	**739,890**	136,583	442
Cost of sales	**(660,836)**	(95,168)	594
Gross profit	**79,054**	41,415	91
Other items of income			
Interest income	**1,682**	1,277	32
Other income	**24,973**	2,791	795
Other items of expense			
Distribution costs	**(30,375)**	(3,228)	841
Administrative expenses	**(46,900)**	(25,633)	83
Finance costs	**(11,425)**	(4,685)	144
Other expenses	**(6,144)**	(1,856)	231
Operating profit	**10,865**	10,081	8
Share of profit from equity-accounted associates and joint ventures	**541**	1,801	(70)
Profit before tax	**11,406**	11,882	(4)
Income tax expense	**(20,815)**	(2,545)	718
(Loss)/profit net of tax	**(9,409)**	9,337	NM
Attributable to:			
Owners of the Company	**7,668**	7,444	3
Non-controlling interests	**(17,077)**	1,893	NM
	(9,409)	9,337	NM
Earnings per stock unit (cents)			
Basic	**1.2**	2.0*	
Diluted	**1.2**	1.9*	

NM: Not meaningful

* Restated for the effect of the Rights Issue by the Company which was completed in September 2013.

1(a)(ii) Other information

	Group	
	31/3/2014	31/3/2013
	$000	$000
Depreciation and amortisation	**(31,679)**	(4,479)
Foreign exchange (loss)/gain	**(683)**	769
Gain on disposal of property, plant and equipment	**1,302**	17
Gain on disposal of subsidiaries[(1)]	**8,293**	–
Gain on re-measurement of a subsidiary reclassified as disposal group as held for sale[(1)]	**13,610**	–
Gain on fair value adjustment on held for trading investments	**36**	1,355
Inventories write-down	**(3,030)**	(10)
Loss on disposal of assets of disposal group classified as held for sale	**(300)**	–
Loss on liquidation of subsidiaries	**(546)**	–
Restructuring expenses[(2)]	**(17,380)**	–
Reversal of impairment loss on property, plant and equipment[(2)]	**16,712**	–

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

	Group	
	31/3/2014	31/3/2013
	$000	$000
(Loss)/profit net of tax for the period	**(9,409)**	9,337
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	**(2,737)**	–
Items that may be reclassified subsequently to income statement:		
(Losses)/gains on exchange differences on translation, net of tax	**(7,313)**	359
(Losses)/gains on remeasuring available-for-sale financial assets, net of tax	**(297)**	383
Share of other comprehensive income from equity-accounted associates, net of tax	**1,242**	(6,644)
	(6,368)	(5,902)
Other comprehensive income for the period, net of tax	**(9,105)**	(5,902)
Total comprehensive income for the period	**(18,514)**	3,435
Attributable to:		
Owners of the Company	**1,706**	1,481
Non-controlling interests	**(20,220)**	1,954
	(18,514)	3,435

Note:

(1) These relate mainly to the disposal of 78% shareholding interest in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd (JWHY), which was announced in March 2014. The sale consideration and percentage of shareholding will be paid/transferred in three tranches. Following the disposal of the first tranche of 29.45% shareholding in JWHY, the remaining assets and liabilities of JWHY have been re-measured to fair value and reclassified to disposal group classified as held for sale.

(2) In February 2014, one of the subsidiaries of the Group, Multi-Fineline Electronix, Inc. (MFLEX) announced its restructuring plan designed to return the company to profitability. The restructuring expenses were incurred in connection with the restructuring plan and comprised mainly severance incurred for terminated employees, as announced by MFLEX in May 2014. These expenses were partially offset by a reversal of the impairment loss taken up by the Group in FY2013 on MFLEX's property, plant and equipment, so as to re-align with the impairment and restructuring charges as incurred and announced by MFLEX.

1(b)(i) Statement of financial position

	Group		Company	
	31/3/2014	31/12/2013	**31/3/2014**	31/12/2013
	$000	$000	**$000**	$000
ASSETS				
Non-current assets				
Property, plant and equipment	**769,346**	782,243	**23,422**	23,766
Properties development costs	**–**	–	**–**	–
Investment properties	**1,870,834**	1,870,923	**675,000**	675,000
Intangible assets	**85,965**	86,938	**–**	–
Investments in subsidiaries	**–**	–	**1,719,669**	1,698,498
Investments in associates	**195,729**	195,059	**315**	315
Investments in joint ventures	**110,956**	114,565	**–**	–
Deferred tax assets	**45,731**	63,176	**–**	–
Other investments	**31,859**	32,274	**7,202**	7,202
Trade and other receivables	**13,377**	11,499	**–**	–
Total non-current assets	**3,123,797**	3,156,677	**2,425,608**	2,404,781
Current assets				
Inventories	**266,281**	303,099	**–**	–
Income tax receivables	**2,357**	2,614	**–**	–
Trade and other receivables	**452,947**	573,877	**34,966**	42,352
Other investments	**341**	305	**–**	–
Gross amount due from customers for contract work	**19,684**	23,953	**–**	–
Prepayments	**13,816**	15,601	**1,105**	1,285
Properties held for sale	**1,427,698**	1,609,536	**–**	–
Bank balances and deposits	**813,405**	905,399	**32,170**	38,399
	2,996,529	3,434,384	**68,241**	82,036
Assets of disposal group classified as held for sale[(1)]	**442,760**	349,174	**–**	–
Total current assets	**3,439,289**	3,783,558	**68,241**	82,036
Total assets	**6,563,086**	6,940,235	**2,493,849**	2,486,817
EQUITY AND LIABILITIES				
Equity				
Share capital	**806,110**	793,811	**806,110**	793,811
Treasury shares[(2)]	**(62,313)**	(62,313)	**–**	–
Retained earnings	**963,926**	943,447	**676,177**	657,678
Other reserves	**9,253**	36,715	**10,053**	24,705
Equity attributable to owners of the Company	**1,716,976**	1,711,660	**1,492,340**	1,476,194
Non-controlling interests	**647,513**	809,696	**–**	–
Total equity	**2,364,489**	2,521,356	**1,492,340**	1,476,194
Non-current liabilities				
Provisions	**81,551**	85,929	**–**	–
Deferred tax liabilities	**112,950**	116,184	**–**	68
Trade and other payables	**18,928**	15,493	**–**	–
Borrowings	**1,754,434**	1,769,209	**352,773**	354,341
Total non-current liabilities	**1,967,863**	1,986,815	**352,773**	354,409
Current liabilities				
Provisions	**19,538**	19,584	**–**	–
Income tax payable	**114,196**	114,333	**5,546**	4,580
Trade and other payables	**945,723**	1,114,435	**17,839**	20,412
Borrowings	**1,075,161**	1,113,067	**625,351**	631,222
Gross amount due to customers for contract work	**33,155**	20,059	**–**	–
	2,187,773	2,381,478	**648,736**	656,214
Liabilities of disposal group classified as held for sale[(1)]	**42,961**	50,586	**–**	–
Total current liabilities	**2,230,734**	2,432,064	**648,736**	656,214
Total liabilities	**4,198,597**	4,418,879	**1,001,509**	1,010,623
Total equity and liabilities	**6,563,086**	6,940,235	**2,493,849**	2,486,817

[(1)] Please refer to paragraph 8 for further details on the assets/liabilities of disposal group classified as held for sale.
[(2)] Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(b)(ii) Comparative figures of the Group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 31/3/2014		As at 31/12/2013	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
504,322	570,839	501,295	611,772

(b) Amount repayable after one year

As at 31/3/2014		As at 31/12/2013	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
1,174,836	579,598	1,198,424	570,785

(c) Details of any collaterals

The borrowings are secured by fixed and floating charges over certain assets of certain subsidiaries.

A term loan facility of the Company was secured by a first fixed charge of 100% shareholding in a wholly owned subsidiary, UE Orchard Pte Ltd as well as assignments of the shareholder's loans, insurances, development documents, project documents and bank accounts.

1(c) Statement of cash flows

	Group	
	31/3/2014	31/3/2013
	$000	$000
Cash flows from operating activities		
Profit before tax	**11,406**	11,882
Amortisation of intangible assets	**1,014**	265
Depreciation of property, plant and equipment	**30,665**	4,214
Dividend income from other investments	**(948)**	(171)
Finance costs	**11,090**	4,685
Gain on disposal of available-for-sale financial assets	**(15)**	–
Gain on disposal of property, plant and equipment	**(1,302)**	(17)
Gain on fair value adjustment on held for trading investments	**(36)**	(1,355)
Gain on re-measurement of a subsidiary reclassified as disposal group held for sale	**(13,610)**	–
Loss on disposal of assets of disposal group classified as held for sale	**300**	–
Interest income	**(1,682)**	(1,277)
Inventories written-down	**3,030**	10
Net gain on disposal/liquidation of subsidiaries	**(7,747)**	–
Reversal of impairment loss on property, plant and equipment	**(16,712)**	–
Share-based compensation expenses	**1,805**	–
Share of profit from equity-accounted associates and joint ventures	**(541)**	(1,801)
Unrealised foreign exchange gain	**(3,262)**	(1,361)
Operating cash flows before changes in working capital	**13,455**	15,074
Properties held for sale		
- Development expenditure	**(38,273)**	(23,848)
- Proceeds from progress billings	**92,553**	32,934
Decrease in trade and other payables and provisions	**(149,331)**	(7,443)
Decrease in inventories	**33,815**	136
Decrease in trade and other receivables	**120,779**	94,316
Decrease in gross amount due from customers for contract work	**4,455**	6,888
Increase in gross amount due to customers for contract work	**13,096**	577
Cash flows from operations	**90,549**	118,634
Shared-based payments	**(164)**	–
Income taxes paid	**(5,310)**	(3,398)
Interest paid	**(16,310)**	(9,515)
Interest received	**1,703**	1,278
Net cash flows from operating activities	**70,468**	106,999
Cash flows from investing activities		
Acquisition of intangible assets	**(195)**	–
Acquisition of non-controlling interests	**(130,322)**	–
Addition to investment properties	**–**	(424,061)
Disposal of subsidiaries, net of cash disposed of (Note A)	**19,962**	–
Dividends received from joint ventures	**5,467**	–
Dividends received from other investments	**948**	171
Increase in amounts due from associates and joint ventures	**(1,199)**	(2,959)
Decrease/(increase) in loans to associates	**2,750**	(3,345)
Investments in associates	**–**	(300)
Investments in joint ventures	**(3,132)**	–
Proceeds from disposal of assets of disposal group classified as held for sale	**3,548**	–
Proceeds from disposal of other investments	**132**	–
Proceeds from disposal of property, plant and equipment	**2,856**	461
Purchase of property, plant and equipment	**(17,266)**	(2,826)
Properties development expenditure	**(29,148)**	(21,788)
Net cash flows used in investing activities	**(145,599)**	(454,647)

1(c) Statement of cash flows (*continued)*

	Group	
	31/3/2014	31/3/2013
	$000	$000
Cash flows from financing activities		
Contribution from non-controlling interests	**37**	–
(Decrease)/increase in short-term loans	**(14,688)**	1,445
Dividends paid to non-controlling interests of subsidiaries	**(155)**	–
Increase/(decrease) in trust receipts and bills payable	**2,156**	(1,370)
Issuance of shares upon exercise of share options	**255**	834
Proceeds from long-term loans	**29,132**	391,581
Repayment of long-term loans	**(43,716)**	(1,443)
Net cash flows (used in)/from financing activities	**(26,979)**	391,047
Net (decrease)/increase in cash and cash equivalents	**(102,110)**	43,399
Cash and cash equivalents, beginning balance	**888,946**	445,614
Cash and cash equivalents, ending balance	**786,836**	489,013
Cash and cash equivalents comprise:		
Bank balances and deposits	**813,405**	504,333
Bank overdrafts	**(26,569)**	(15,320)
Cash and cash equivalents	**786,836**	489,013

Note A: The net assets and liabilities arising from the disposal/liquidation of subsidiary companies and the cash flow effects of the disposal/liquidation were as follows:-

	Group	
	31/3/2014	31/3/2013
	$000	$000
Property, plant and equipment	**389**	–
Deferred tax assets	**1,587**	–
Inventories	**168**	–
Trade and other receivables	**1,867**	–
Gross amount due from customers for contract work	**43**	–
Properties held for sale	**149,927**	–
Bank balances and deposits	**19,370**	–
Deferred tax liabilities	**(2,157)**	–
Trade and other payables	**(45,298)**	–
Borrowings	**(23,831)**	–
Net assets disposed	**102,065**	–
Foreign currency translation reserve gain realised	**2,193**	–
Less: Carrying value transferred to assets of disposal group classified as held for sale	**(51,395)**	–
Less: Non-controlling interests	**(21,278)**	–
Net gain on disposal/liquidation of subsidiaries	**7,747**	–
Total consideration	**39,332**	–
Cash and cash equivalents in subsidiaries disposed/liquidated	**(19,370)**	–
Cash flow arising from disposal/liquidation of subsidiaries	**19,962**	–

1(d)(i) Statements of changes in equity

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	$000	$000	$000	$000	$000	$000
Opening balance at 1/1/2014	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696
Profit/(loss) for the period	(9,409)	7,668	–	–	7,668	–	(17,077)
Remeasurements of defined benefit pension plans	(2,737)	(1,847)	–	–	(1,847)	–	(890)
Losses on exchange differences on translation, net of tax	(7,313)	(5,060)	–	–	–	(5,060)	(2,253)
Losses on remeasuring available-for-sale financial assets, net of tax	(297)	(297)	–	–	–	(297)	–
Share of other comprehensive income from equity-accounted associate, net of tax	1,242	1,242	–	–	–	1,242	–
Other comprehensive income for the period	(9,105)	(5,962)	–	–	(1,847)	(4,115)	(3,143)
Total comprehensive income for the period	(18,514)	1,706	–	–	5,821	(4,115)	(20,220)
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	12,044	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	255	255	255	–	–	–	–
Equity portion of convertible bonds	(677)	(677)	–	–	–	(677)	–
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	–	14,658	(14,658)	–
Dividend paid to non-controlling interests	(155)	–	–	–	–	–	(155)
Total contributions by and distributions to owners	11,467	11,622	12,299	–	14,658	(15,335)	(155)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiary	(130,322)	(9,038)	–	–	–	(9,038)	(121,284)
Contribution from non-controlling interests	37	–	–	–	–	–	37
Disposal of interests in subsidiaries	(21,278)	–	–	–	–	–	(21,278)
Employee share option scheme/ share appreciation rights:							
- value of employee services	1,743	1,026	–	–	–	1,026	717
Total changes in ownership interests in subsidiaries	(149,820)	(8,012)	–	–	–	(8,012)	(141,808)
Total transactions with owners in their capacity as owners	(138,353)	3,610	12,299	–	14,658	(23,347)	(141,963)
Closing balance at 31/3/2014	2,364,489	1,716,976	806,110	(62,313)	963,926	9,253	647,513

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of changes in equity *(continued)*

GROUP

		Attributable to owners of the Company				
	Total equity	**Equity attributable to owners of the Company**	**Share capital**	**Retained earnings**	**Other reserves**	**Non-controlling interests**
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance at 1/1/2013	1,305,939	1,238,851	327,989	854,713	56,149	67,088
Profit for the period	9,337	7,444	–	7,444	–	1,893
Gains on exchange differences on translation, net of tax	359	298	–	–	298	61
Gains on remeasuring available-for-sale financial assets, net of tax	383	383	–	–	383	–
Share of other comprehensive income from equity-accounted associate, net of tax	(6,644)	(6,644)	–	–	(6,644)	–
Other comprehensive income for the period	(5,902)	(5,963)	–	–	(5,963)	61
Total comprehensive income for the period	3,435	1,481	–	7,444	(5,963)	1,954
Contributions by and distributions to owners						
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	1,638	1,638	1,638	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	834	834	834	–	–	–
Equity portion of convertible bonds	2	2	–	–	2	–
Total contributions by and distributions to owners	2,474	2,474	2,472	–	2	–
Total transactions with owners in their capacity as owners	2,474	2,474	2,472	–	2	–
Closing balance at 31/3/2013	1,311,848	1,242,806	330,461	862,157	50,188	69,042

1(d)(i) Statements of changes in equity *(continued)*

COMPANY

	Total equity $000	Share capital $000	Retained earnings $000	Other reserves $000
Opening balance at 1/1/2014	1,476,194	793,811	657,678	24,705
Profit for the period	3,841	–	3,841	–
Total comprehensive income for the period	3,841	–	3,841	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	255	255	–	–
Equity portion of convertible bonds	6	–	–	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	14,658	(14,658)
Total transactions with owners in their capacity as owners	12,305	12,299	14,658	(14,652)
Closing balance at 31/3/2014	1,492,340	806,110	676,177	10,053
Opening balance at 1/1/2013	869,534	327,989	517,118	24,427
Profit for the period	11,389	–	11,389	–
Total comprehensive income for the period	11,389	–	11,389	–
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	1,638	1,638	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	834	834	–	–
Equity portion of convertible bonds	2	–	–	2
Total transactions with owners in their capacity as owners	2,474	2,472	–	2
Closing balance at 31/3/2013	883,397	330,461	528,507	24,429

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

During Q1 2014, the Company issued 11,783,195 ordinary shares on conversion of $12,018,972 convertible bonds and 147,416 ordinary shares arising from the exercising of the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 31 March 2014, there were 2,864,867 (31 March 2013: 3,549,150) unexercised options for ordinary shares under Scheme 2000. There were no convertible bonds outstanding as at 31 March 2014 (as at 31 March 2013, there were $21,506,031 convertible bonds which are convertible into 16,049,276 shares at the conversion price of $1.34 per share).

Deemed treasury shares arising from acquisition of WBL Corporation Limited (WBL)
WBL has a shareholding of 21,712,000 ordinary stock units in the capital of United Engineers Limited (UEL). As WBL became a subsidiary of UEL, the stock units are deemed and provisionally classified as treasury shares under the consolidated group.

Under the Singapore Companies Act, Chapter 50, WBL is required to dispose of its shareholding in UEL within 12 months of becoming subsidiary of UEL. WBL has successfully applied and obtained extension from the Court of Singapore which ruled that the period within which WBL shall dispose of its UEL shares be extended to 24 months from the date WBL became a subsidiary of UEL.

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

As at 31 March 2014, the Company's issued and paid-up ordinary share capital including treasury shares (include 21,712,000 ordinary stock units held by WBL) was 636,359,550 ordinary stock units (31 December 2013: 624,428,939).

As at 31 March 2014, the Group's issued and paid-up ordinary share capital excluding treasury shares was 614,647,550 ordinary stock units (31 December 2013: 602,716,939).

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

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on (except as disclosed in section 1d(ii) in relation to the 21,712,000 ordinary stock units of the Company held by WBL).

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

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

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

Not applicable.

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

Other than as mentioned in Paragraph 5 regarding the adoption of amendments to the Financial Reporting Standards (FRS), there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2013.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.

The Group adopted the amendments to the FRS that are effective for annual financial periods beginning on or after 1 January 2014.

Revised FRS 27 Separate Financial Statements
Revised FRS 28 Investments in Associates and Joint Ventures
FRS 110 Consolidated Financial Statements
FRS 111 Joint Arrangements
FRS 112 Disclosure of Interests in Other Entities
Amendments to FRS 32: Offsetting Financial Assets and Financial Liabilities

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

6 Earnings per stock unit

	Group	
	31/3/2014	31/3/2013 (Restated)[1]
(a) Basic*:	**1.2¢**	2.0¢
(b) Diluted**:	**1.2¢**	1.9¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**632,367,074**	373,505,978
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**632,509,716**	390,392,172

[1] Restated for the effects of the Rights Issue by the Company which was completed in September 2013.

* Earnings per ordinary stock unit on existing issued share capital, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units in issue during the period.

** Earnings per ordinary stock unit on a fully diluted basis, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units during the period adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

	Group		Company	
	31/3/2014	31/12/2013	**31/3/2014**	31/12/2013
Net asset per ordinary stock unit based on the total number of issued shares	**$2.79**[2]	$2.84[2]	**$2.35**	$2.36

[2] Based on total number of issued stock units excluding the number of stock units held by WBL.

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

The Group's major businesses comprise Property Development, Property Rental & Services, Engineering & Construction and the businesses of WBL, namely Automotive, China Property, Technology and Engineering, Manufacturing & Distribution (EMD). WBL became a subsidiary of the Group on 29 May 2013 and the Group's shareholdings in WBL increased to 67.5% as at 31 March 2014.

Q1 2014 compared with Q1 2013

Revenue increased 442% to $739.9 million in Q1 2014 from $136.6 million in Q1 2013, mainly due to the consolidation of WBL Group's revenue contribution of approximately $504.2 million. The higher revenue was also attributable to the progressive revenue recognition from the property sales at *Eight Riversuites.* In line with the increase in revenue, gross profit increased 91% to $79.1 million in Q1 2014. Gross profit margin declined to 10.7% in Q1 2014 as compared with 30.3% in Q1 2013 mainly due to gross losses of $16.5 million incurred by the Group's 43.1% effective listed subsidiary, Multi-Fineline Electronix, Inc. (MFLEX).

Other income increased 795% to $25.0 million in Q1 2014 from $2.8 million in Q1 2013. This was mainly due to the divestment and re-measurement gain of approximately $21.8 million from the disposal of a subsidiary, Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd (JWHY) in China.

Distribution costs increased 841% to $30.4 million in Q1 2014 from $3.2 million in Q1 2013 mainly due to the inclusion of WBL Group's distribution costs of approximately $26.8 million.

Administrative expenses increased 83% to $46.9 million in Q1 2014 from $25.6 million in Q1 2013 mainly due to the inclusion of WBL Group's administrative expenses of approximately $21.8 million.

Finance costs increased 144% to $11.4 million in Q1 2014 from $4.7 million in Q1 2013 mainly due to the inclusion of WBL Group's finance costs of approximately $2.1 million, as well as costs incurred on borrowings to finance the acquisition of WBL and the acquisition of investment properties in Singapore in FY2013.

Other expenses increased 231% to $6.1 million in Q1 2014 from $1.9 million in Q1 2013 mainly due to the inclusion of WBL Group's other expenses of approximately $4.4 million which comprised mainly research and development expenses.

Income tax expense increased 718% to $20.8 million in Q1 2014 from $2.5 million in Q1 2013 mainly due to higher operating profit subject to tax, non-availability for group relief of losses incurred by certain overseas subsidiaries as well as a tax charge from the revaluation of the deferred tax assets recorded by certain overseas subsidiaries.

The Group's **attributable profit** increased 3% to $7.7 million in Q1 2014 from $7.4 million in Q1 2013.

Earnings per ordinary stock unit (EPS) was 1.2 cents in Q1 2014 compared with 2.0 cents (restated*) in Q1 2013.

Net asset per ordinary stock unit stood at $2.79 as at 31 March 2014 compared with $2.84 as at 31 December 2013.

Financial position review

- Current trade and other receivables declined by $121 million mainly due to decrease in trade receivables largely driven by WBL's Technology businesses.

- Properties held for sale decreased by $182 million mainly due to the divestment of the residential housing development project in Suzhou, China. The project was held through JWHY which was partially divested in Q1 2014 and the remaining assets of JWHY were reclassified to disposal group held for sale. The decline was also partly attributable to the progressive billing proceeds received on the sale of private residential development projects in Singapore.

- Assets of disposal group classified as held for sale[1] increased by $94 million relates mainly to the reclassification of the assets of JWHY to assets of disposal group held for sale. As previously announced, the full divestment of JWHY is expected to be completed by Q3 2014.

- Current trade and other payables declined by $169 million mainly due to decline in trade payables which was largely driven by WBL's Technology businesses.

* Restated for the effect of the Rights Issue by the Company which was completed in September 2013.

[1] Under Financial Reporting Standard 105 (FRS105), re-classification of the carrying value of assets and liabilities of disposal group as held for sale is required if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such sale should be expected to qualify for recognition as a completed sale within 12 months from the date of such classification.

Segment review

Property Development

Revenue recorded in Q1 2014 of $97.5 million related to the progressive revenue recognition from the property sales at *Eight Riversuites*. The executive condominium development project currently undertaken by the Group, *Austville Residences* is accounted for based on completion of construction (COC) method. This project has obtained temporary occupation permit in April 2014. Operating profit before interest increased to $5.9 million in Q1 2014 from $0.03 million in Q1 2013 mainly due to the recognition of development profits from *Eight Riversuites*.

Property Rental & Services

Revenue increased 18% to $56.1 million in Q1 2014 from $47.4 million in Q1 2013 mainly due to rental contribution from *UE BizHub EAST, Park Avenue Changi, UE BizHub TOWER* and *UE BizHub WEST.* Operating profit before interest increased 54% to $20.3 million in Q1 2014 from $13.2 million in Q1 2013 mainly due to higher revenue.

Engineering & Construction

Revenue decreased 7% to $91.8 million in Q1 2014 from $98.6 million in Q1 2013 mainly due to lower contribution from the Group's listed subsidiary UE E&C Ltd. Operating profit before interest decreased 70% to $1.1 million in Q1 2014 from $3.7 million in Q1 2013 mainly due to lower margin contribution from completion of projects.

WBL Group

Revenue contribution for Q1 2014 was primarily from WBL Group's Automotive and Technology businesses. Operating loss before interest was mainly due to gross losses arising from excess manufacturing capacity by MFLEX and as a result of lower net sales. These losses were partially offset by profits from its other business divisions.

Contribution by the various business divisions within WBL Group is as follows:

	Revenue	**Operating profit/(loss) before interest**
Business divisions		
	Q1 2014	**Q1 2014**
	$000	**$000**
Automotive	230,127	1,853
Property	10,291	(3,559)
Technology[1]	190,464	(26,658)
EMD	57,388	4,118
Corporate & Others	15,906	(2,055)
Operating loss	–	(26,301)
Exceptional items[2]	–	21,832
Total	504,176	(4,469)

[1]: Includes only MFLEX and MFS Technology Ltd.
[2]: Related to divestment and re-measurement gain on disposal of WBL's investment in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.

Cash flow review

As at 31 March 2014, the Group had cash and cash equivalents of $787 million. In Q1 2014, the Group incurred total development expenditure of $67 million mainly for *orchardgateway, Austville Residences, Eight Riversuites* and WBL's China development projects. The Group also utilised $146 million for investing activities of which $130 million was utilised for the delisting offers for WBL Group. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2013 to 31 March 2014 were the result of the Group's other ongoing operations.

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

The Company did not make any forecast statement previously. The Group's Q1 2014 results are in line with the statement made in paragraph 10 of the Company's FY 2013 results announcement on 28 February 2014.

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

The on-going cooling measures implemented by the Singapore and Chinese Governments continue to weigh on the sentiment of home buyers. The progress of property development projects of the Group are on track. However, the accounting treatment on revenue recognition for certain projects using the completion-of-construction method has resulted in an uneven recognition of revenues and profits. The Group's expanded portfolio of investment properties will smoothen out the volatility associated with the accounting treatment in recognising the property development profits.

The Group's executive condominium project, *Austville Residences* has obtained temporary occupation permit in April 2014 and thus the Group will recognise the development profits in Q2 2014. In addition, the Group also expects to finalise the divestment of the special purpose vehicles which undertake the *orchardgateway* development project to Oversea-Chinese Banking Corporation Limited during the year.

The Group remains optimistic about its engineering and construction businesses as the construction demand in Singapore for 2014 is expected to remain relatively strong. With the tight foreign labour policies implemented by the Singapore Government, the Group will continue to strive to raise productivity through improving its work processes and introducing new technology in its operations and project execution.

Against a backdrop of the impact of policy changes in the automotive industry in Singapore, the Group is cautiously optimistic that there will be sustained demand for WBL's luxury and premium marques across its diverse portfolio of brands. At the same time, the Group will continue to focus on growing its automotive businesses and building its position as a leading premium car distributor in the Asia-Pacific region.

On 1 May 2014, the Group's subsidiary, MFLEX (which the Group has an effective interest of 43.1%) has announced that the expected cost savings from the restructuring plan was on track and the improved cost structure will support sustainable profitability and improved competitiveness.

As part of the Group's on-going strategic review of its operations and portfolio of businesses, the Group will continue to explore and capitalise on opportunities to further enhance and unlock shareholder value.

11 Dividend

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

None.

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

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 <u>If no dividend has been declared/recommended, a statement to that effect.</u>

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

13 <u>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.</u>

During the quarter ended 31 March 2014, the following IPTs were entered into by the Group.

Name of interested person	**Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)**
	$000	**$000**
<u>OCBC Group</u>*		
General Transactions:		
- Leasing/Rental of properties	–	916
Others:		
- Marketing fees & commissions	524	–

* Oversea-Chinese Banking Corporation Limited Group (other than Great Eastern Holdings Limited Group).

BY ORDER OF THE BOARD
Heng Fook Pyng, Jeslyn
Secretary
15 May 2014

Confirmation by the Board

We, Tan Ngiap Joo and Norman Ip Ka Cheung, being two directors of United Engineers Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q1 2014 financial results to be false or misleading in any material aspect.

On behalf of the Board,

……………………………………………… ………………………………………………
TAN NGIAP JOO NORMAN IP KA CHEUNG
Chairman Non-Executive Director