



Q1 2015 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		
	31/3/2015	31/3/2014⁽¹⁾	Change
	\$000	\$000	%
<u>Continuing operations</u>			
Revenue	515,261	678,917	(24)
Cost of sales	(429,535)	(607,807)	(29)
Gross profit	85,726	71,110	21
Other items of income			
Interest income	1,216	614	98
Other income	11,198	24,338	(54)
Other items of expense			
Distribution costs	(11,398)	(27,597)	(59)
Administrative expenses	(38,195)	(43,025)	(11)
Finance costs	(10,788)	(11,093)	(3)
Other expenses	(2,330)	(5,248)	(56)
Operating profit	35,429	9,099	289
Share of (loss)/profit from equity-accounted associates and joint ventures	(647)	765	NM
Profit before tax from continuing operations	34,782	9,864	253
Income tax expense	(1,678)	(19,466)	(91)
Profit/(loss) from continuing operations, net of tax	33,104	(9,602)	NM
<u>Discontinued operation</u>			
Profit from discontinued operation, net of tax	–	193	NM
Profit/(loss) net of tax	33,104	(9,409)	NM
Profit/(loss) attributable to:			
Owners of the Company			
- Continuing operations, net of tax	24,985	7,938	215
- Discontinued operation, net of tax	–	(270)	NM
	24,985	7,668	226
Non-controlling interests			
- Continuing operations, net of tax	8,119	(17,540)	NM
- Discontinued operation, net of tax	–	463	NM
	8,119	(17,077)	NM

NM: Not meaningful

⁽¹⁾ The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

1(a)(ii) Continuing operations - Other information

	Group	
	31/3/2015	31/3/2014
	\$000	\$000
Allowance for doubtful trade receivables	(1,468)	(53)
Depreciation and amortisation	(20,665)	(29,139)
Foreign exchange gain/(loss)	1,240	(754)
Gain on disposal of subsidiaries	2,975	8,293
Gain on re-measurement of a subsidiary reclassified as disposal group as held for sale	-	13,610
Inventories write-down	(1,046)	(3,030)
Gain/(loss) on disposal of assets of disposal group classified as held for sale	7,515	(300)
Over provision of prior years' tax	1,751	61
Realisation of translation reserve upon liquidation of subsidiaries	(274)	(546)
Restructuring expenses	(277)	(17,380)
Reversal of impairment loss on property, plant and equipment	-	16,712

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

	Group	
	31/3/2015	31/3/2014
	\$000	\$000
Profit/(loss) net of tax for the period	33,104	(9,409)
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:		
Gains/(losses) on exchange differences on translation, net of tax	29,833	(7,313)
Gains/(losses) on remeasuring available-for-sale financial assets, net of tax	297	(297)
Share of other comprehensive income from equity-accounted associates, net of tax	(358)	1,242
	29,772	(6,368)
Other comprehensive income for the period, net of tax	29,772	(9,105)
Total comprehensive income for the period	62,876	(18,514)
Attributable to:		
Owners of the Company	40,491	1,706
Non-controlling interests	22,385	(20,220)
	62,876	(18,514)

1(b)(i) Statements of financial position

	Group		Company	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
	\$000	\$000	\$000	\$000
<u>ASSETS</u>				
<u>Non-current assets</u>				
Property, plant and equipment	385,599	389,315	23,567	23,813
Investment properties	1,847,661	1,847,071	675,100	675,100
Intangible assets	31,954	30,965	–	–
Interests in subsidiaries	–	–	1,236,853	1,216,472
Interests in associates	118,232	115,706	342	315
Interests in joint ventures	82,114	93,224	–	–
Deferred tax assets	56,522	56,522	–	–
Other investments	32,517	32,220	6,808	6,808
Trade and other receivables	109	104	–	–
Total non-current assets	2,554,708	2,565,127	1,942,670	1,922,508
<u>Current assets</u>				
Inventories	107,880	122,122	–	–
Income tax receivables	1,304	2,037	–	–
Trade and other receivables	243,831	298,343	47,427	44,836
Gross amount due from customers for contract work	38,997	39,004	–	–
Prepayments	11,519	12,663	1,766	2,023
Properties held for sale	1,148,487	1,130,137	–	–
Bank balances and deposits	674,901	650,247	31,174	60,276
	2,226,919	2,254,553	80,367	107,135
Assets of disposal group classified as held for sale	22,472	80,734	–	–
Total current assets	2,249,391	2,335,287	80,367	107,135
Total assets	4,804,099	4,900,414	2,023,037	2,029,643
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share capital	807,279	807,270	807,279	807,270
Treasury shares ⁽¹⁾	(62,313)	(62,313)	–	–
Retained earnings	1,064,430	1,037,857	806,481	795,743
Other reserves	35,344	21,032	9,694	9,694
Equity attributable to owners of the Company	1,844,740	1,803,846	1,623,454	1,612,707
Non-controlling interests	589,788	576,348	–	–
Total equity	2,434,528	2,380,194	1,623,454	1,612,707
<u>Non-current liabilities</u>				
Provisions	99,984	102,834	–	–
Deferred tax liabilities	75,646	78,076	–	–
Trade and other payables	3,290	2,553	–	–
Borrowings	1,389,672	1,383,134	274,500	276,068
Total non-current liabilities	1,568,592	1,566,597	274,500	276,068
<u>Current liabilities</u>				
Provisions	16,211	14,861	–	–
Income tax payable	45,302	61,511	5,409	4,658
Trade and other payables	404,958	508,209	16,674	21,210
Borrowings	321,927	333,775	103,000	115,000
Gross amount due to customers for contract work	11,469	3,035	–	–
	799,867	921,391	125,083	140,868
Liabilities of disposal group classified as held for sale	1,112	32,232	–	–
Total current liabilities	800,979	953,623	125,083	140,868
Total liabilities	2,369,571	2,520,220	399,583	416,936
Total equity and liabilities	4,804,099	4,900,414	2,023,037	2,029,643

⁽¹⁾ 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 31/3/2015		As at 31/12/2014	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
163,056	158,871	153,540	180,235

(b) Amount repayable after one year

As at 31/3/2015		As at 31/12/2014	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
1,115,306	274,366	1,107,347	275,787

(c) Details of any collaterals

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

1(c) Statement of cash flows

	Group	
	31/3/2015	31/3/2014
	\$000	\$000
Cash flows from operating activities		
Profit before tax from continuing operations	34,782	9,864
Profit before tax from discontinued operation	–	1,542
Profit before tax	<u>34,782</u>	<u>11,406</u>
Amortisation of intangible assets	560	1,014
Depreciation of property, plant and equipment	20,105	30,665
Dividend income from other investments	(432)	(948)
Finance costs	10,788	11,090
Gain on disposal of available-for-sale financial assets	–	(15)
Gain on disposal of property, plant and equipment	(29)	(1,302)
Gain on fair value adjustment on held for trading investments	–	(36)
Gain on re-measurement of a subsidiary reclassified as disposal group held for sale	–	(13,610)
(Gain)/loss on disposal of assets of disposal group classified as held for sale	(7,515)	300
Impairment loss on intangible assets	76	–
Interest income	(1,216)	(1,682)
Inventories written-down	1,046	3,030
Net gain on disposal/liquidation of subsidiaries	(2,701)	(7,747)
Property, plant and equipment written-off	72	–
Reversal of impairment loss on property, plant and equipment	–	(16,712)
Share-based compensation expenses	1,655	1,805
Share of loss/(profit) from equity-accounted associates and joint ventures	647	(541)
Unrealised translation loss/(gain)	15,140	(3,262)
Operating cash flows before changes in working capital	<u>72,978</u>	<u>13,455</u>
Properties held for sale		
- Development expenditure	(71,182)	(38,273)
- Proceeds from progress billings	52,851	92,553
Decrease in trade and other payables and provisions	(70,395)	(149,331)
Decrease in inventories	13,186	33,815
Decrease in trade and other receivables	57,332	120,779
Decrease in gross amount due from customers for contract work	25	4,455
Increase in gross amount due to customers for contract work	8,434	13,096
Cash flows from operations	<u>63,229</u>	<u>90,549</u>
Shared-based payments	–	(164)
Income taxes paid	(19,558)	(5,310)
Interest paid	(15,464)	(16,310)
Interest received	1,272	1,703
Net cash flows from operating activities	<u>29,479</u>	<u>70,468</u>
Cash flows from investing activities		
Acquisition of intangible assets	(340)	(195)
Acquisition of non-controlling interests	(106)	(130,322)
Change in restricted deposits	42,426	–
Disposal of subsidiaries, net of cash disposed of (Note A)	(8,698)	19,962
Dividends received from joint ventures	12,637	5,467
Dividends received from other investments	432	948
Decrease in loans to associates	–	2,750
Increase in amounts due from associates and joint ventures	(2,801)	(1,199)
Investments in associates	(20)	–
Investments in joint ventures	–	(3,132)
Proceeds from disposal of assets of disposal group classified as held for sale	11,455	3,548
Proceeds from disposal of other investments	–	132
Proceeds from disposal of property, plant and equipment	132	2,856
Purchase of property, plant and equipment	(3,101)	(17,266)
Properties development expenditure	(587)	(29,148)
Net cash flows from/(used in) investing activities	<u>51,429</u>	<u>(145,599)</u>

1(c) Statement of cash flows (continued)

	Group	
	31/3/2015	31/3/2014
	\$000	\$000
Cash flows from financing activities		
Contribution from non-controlling interests	–	37
Dividends paid to non-controlling interests of subsidiaries	(7,620)	(155)
Increase/(decrease) in short-term loans	5,861	(14,688)
Increase in trust receipts and bills payable	–	2,156
Proceeds from issuance of shares upon exercise of share options	9	255
Proceeds from long-term loans	8,139	29,132
Repayment of long-term loans	(18,602)	(43,716)
Net cash flows used in financing activities	(12,213)	(26,979)
Net increase/(decrease) in cash and cash equivalents	68,695	(102,110)
Cash and cash equivalents, beginning balance	537,818	888,946
Cash and cash equivalents, ending balance	606,513	786,836
Cash and cash equivalents comprise:		
Bank balances and deposits	674,901	813,405
Restricted deposits ⁽¹⁾	(63,700)	–
Bank overdrafts	(4,688)	(26,569)
Cash and cash equivalents	606,513	786,836

⁽¹⁾: This represents cash placed in an escrow account by a listed subsidiary in compliance with SGX-ST's Rule.

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

	Group	
	31/3/2015	31/3/2014
	\$000	\$000
Property, plant and equipment	3,565	389
Intangible assets	1,469	–
Deferred tax assets	390	1,587
Inventories	355	168
Trade and other receivables	24,264	1,867
Gross amount due from customers for contract work	–	43
Properties held for sale	–	149,927
Bank balances and deposits	25,665	19,370
Deferred tax liabilities	–	(2,157)
Income tax payables	(566)	–
Trade and other payables	(28,442)	(45,298)
Borrowings	(2,519)	(23,831)
Net assets disposed	24,181	102,065
Foreign currency translation reserve realised	174	2,193
Less: Carrying value transferred to assets of disposal group classified as held for sale	–	(51,395)
Less: Non-controlling interests	(10,089)	(21,278)
Net gain on disposal/liquidation of subsidiaries	2,701	7,747
Total consideration	16,967	39,332
Cash and cash equivalents in subsidiaries disposed/liquidated	(25,665)	(19,370)
Cash flow arising from disposal/liquidation of subsidiaries	(8,698)	19,962

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

GROUP

	Attributable to owners of the Company						
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares [#]	Retained earnings	Other reserves	Non-controlling interests
Opening balance at 1/1/2015	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348
Profit for the period	33,104	24,985	–	–	24,985	–	8,119
Gains on exchange differences on translation, net of tax	29,833	15,567	–	–	–	15,567	14,266
Gains 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	(358)	(358)	–	–	–	(358)	–
Other comprehensive income for the period	29,772	15,506	–	–	–	15,506	14,266
Total comprehensive income for the period	62,876	40,491	–	–	24,985	15,506	22,385
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	9	9	9	–	–	–	–
Total contributions by and distributions to owners	9	9	9	–	–	–	–
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(106)	46	–	–	–	46	(152)
Dilution of interests in subsidiaries	3	(565)	–	–	–	(565)	568
Disposal of interests in subsidiaries	(10,089)	–	–	–	–	–	(10,089)
Employee share option scheme/ share appreciation rights:							
- value of employee services	1,641	913	–	–	–	913	728
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	1,588	(1,588)	–
Total changes in ownership interests in subsidiaries	(8,551)	394	–	–	1,588	(1,194)	(8,945)
Total transactions with owners in their capacity as owners	(8,542)	403	9	–	1,588	(1,194)	(8,945)
Closing balance at 31/3/2015	2,434,528	1,844,740	807,279	(62,313)	1,064,430	35,344	589,788

[#] 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					Non-controlling interests
		\$000	\$000	Share capital \$000	Treasury shares [#] \$000	Retained earnings \$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)

COMPANY

	Total equity	Share capital	Retained earnings	Other reserves
	\$000	\$000	\$000	\$000
Opening balance at 1/1/2015	1,612,707	807,270	795,743	9,694
Profit for the period	10,738	–	10,738	–
Total comprehensive income for the period	10,738	–	10,738	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	9	9	–	–
Total transactions with owners in their capacity as owners	9	9	–	–
Closing balance at 31/3/2015	1,623,454	807,279	806,481	9,694
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

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

During Q1 2015, the Company issued 6,682 ordinary shares arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 31 March 2015, there were 1,616,870 (31 March 2014: 2,864,867) unexercised options for ordinary shares under Scheme 2000.

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). WBL became a subsidiary of UEL on 29 May 2013, as such 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 it becoming a 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. WBL has since applied to the Court of Singapore for a further extension of 12 months.

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 2015, the Company's issued and paid-up ordinary share capital including treasury shares (include 21,712,000 ordinary stock units held by WBL) was 637,076,023 ordinary stock units (31 December 2014: 637,069,341).

As at 31 March 2015, the Group's issued and paid-up ordinary share capital excluding treasury shares was 615,364,023 ordinary stock units (31 December 2014: 615,357,341).

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 2014.

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 2015.

Amendments to FRS 19 Defined Benefit Plans: Employee Contributions
Improvements to FRSs

- Amendment to FRS 16 Property, Plant and Equipment
- Amendment to FRS 24 Related Party Disclosures
- Amendment to FRS 38 Intangible Assets
- Amendment to FRS 40 Investment Property
- Amendment to FRS 102 Share-based Payment
- Amendments to FRS 103 Business Combinations
- Amendments to FRS 108 Operating Segments
- Amendment to FRS 113 Fair Value Measurement

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 (cents)

	Group	
	31/3/2015	31/3/2014
(a) Basic*:	3.9	1.2
(b) Diluted**:	3.9	1.2
<u>Continuing operations</u>		
(a) Basic*:	3.9	1.3
(b) Diluted**:	3.9	1.3
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	637,071,568	632,367,074
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	<u>637,274,042</u>	<u>632,509,716</u>

* 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	
	31/3/2015	31/12/2014	31/3/2015	31/12/2014
Net asset per ordinary stock unit based on the total number of issued shares	<u>\$3.00⁽¹⁾</u>	<u>\$2.93⁽¹⁾</u>	<u>\$2.55</u>	<u>\$2.53</u>

⁽¹⁾ 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.

Overview

With effect from 2015, the Group's main reporting segments are Property Rental & Services, Property Development, Engineering & Distribution, Technology & Manufacturing and Corporate Services & Others.

Q1 2015 compared with Q1 2014

(Note: Q1 2014 results include the contribution from Automotive and MFS Technology (S) Pte Ltd (MFSS) businesses for three (3) months from January to March 2014. Q1 2015 does not include the results of Automotive and MFSS businesses as these businesses were divested towards the end of 2014.)

Revenue decreased 24% to \$515.3 million in Q1 2015 from \$678.9 million in Q1 2014, mainly due to the absence of contribution from the divested Automotive and MFSS businesses. The decrease was partially offset by a higher progressive revenue recognition from the property sales at *Eight Riversuites* and higher contribution from Multi-Fineline Electronix, Inc. (MFLEX).

However, gross profit increased 21% to \$85.7 million in Q1 2015 mainly attributable to the positive contribution from MFLEX, which has turned around from a gross loss position in Q1 2014. Gross profit margin increased to 16.6% in Q1 2015 as compared with 10.5% in Q1 2014.

Other income decreased 54% to \$11.2 million in Q1 2015 from \$24.3 million in Q1 2014. In Q1 2015, other income included mainly a gain of \$5.7 million from the disposal of the manufacturing facility in China and a net disposal gain of \$3.0 million from the sale of subsidiaries. In Q1 2014, other income comprised primarily a divestment and re-measurement gain of approximately \$21.8 million from the disposal of a subsidiary in China.

Distribution costs decreased 59% to \$11.4 million in Q1 2015 from \$27.6 million in Q1 2014 and administrative expenses also decreased 11% to \$38.2 million in Q1 2015 from \$43.0 million in Q1 2014 mainly due to the absence of Automotive and MFSS businesses which were divested towards the end of 2014.

Other expenses decreased 56% to \$2.3 million in Q1 2015 from \$5.3 million in Q1 2014 mainly due to foreign exchange losses recorded in Q1 2014.

Income tax expense decreased 91% to \$1.7 million in Q1 2015 from \$19.5 million in Q1 2014. The lower income tax expense in Q1 2015 was mainly due to the write-back of over provision for prior years' income tax. The higher income tax expense in Q1 2014 was mainly due to the non-availability for group relief of losses incurred by certain overseas subsidiaries and a tax charge from the revaluation of deferred tax assets recorded by certain overseas subsidiaries.

The Group's attributable profit on continuing operations increased 215% to \$25.0 million in Q1 2015 from \$7.9 million in Q1 2014.

Financial position review

- Interests in joint ventures decreased by \$11 million mainly due to dividend received from the Group's joint venture companies.
- Inventories decreased by \$14 million mainly due to planned seasonal scale-back of production to reduce inventories by the Group's Technology business.
- Current trade and other receivables decreased by \$55 million mainly driven by improved collections in the Group's Technology business.
- The decrease in assets and liabilities of disposal group classified as held for sale is mainly due to the completion of the disposals of UE Managed Solutions Pte. Ltd. (UEMS), UE ServiceCorp (Taiwan) Limited and Tangshan UE Shengxing Renewable Resources Co., Ltd in Q1 2015.
- Current trade and other payables declined by \$103 million mainly due to the drop of trade payables in the Group's Technology business.

Cash flow review

As at 31 March 2015, the Group had cash and cash equivalents of \$607 million. In Q1 2015, the Group incurred total development expenditure of \$71 million mainly for *Eight Riversuites* and the Group's China property development projects. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2014 to 31 March 2015 were mainly the result of the Group's other ongoing operations.

Segment review

\$'million	Revenue		Profit/(loss) before interest	
	31/3/2015	31/3/2014	31/3/2015	31/3/2014
Property Rental and Services	33.8	33.9	14.6	18.8
Property Development	173.8	107.1	7.0	2.8
Engineering & Distribution	57.8	60.2	3.9	2.4
Technology & Manufacturing	227.2	167.4	16.6	(27.0)
Corporate Services & Others ⁽¹⁾	22.7	310.3	(1.6)	0.8
Profit/(loss) before interest	–	–	40.5	(2.2)
Exceptional Items ⁽²⁾	–	–	4.5	21.8
Total	515.3	678.9	45.0	19.6

⁽¹⁾: Includes results of divested businesses comprising mainly Automotive, MFSS and UEMS.

⁽²⁾: Relates to net gain/(loss) arising from dissolution/divestment of subsidiaries and associates.

Property Rental & Services

Revenue decreased marginally to \$33.8 million in Q1 2015 from \$33.9 million in Q1 2014. Operating profit before interest decreased 22% to \$14.6 million in Q1 2015 from \$18.8 million in Q1 2014 mainly due to higher operating costs and the absence of project management fee in Q1 2015.

Property Development

Revenue increased 62% to \$173.8 million in Q1 2015 from \$107.1 million in Q1 2014 mainly due to higher progressive revenue recognition from the property sales at *Eight Riversuites*. Operating profit before interest increased to \$7.0 million in Q1 2015 from \$2.8 million in Q1 2014 mainly attributable to higher contribution from *Eight Riversuites*.

Engineering & Distribution

Revenue decreased 4% to \$57.8 million in Q1 2015 from \$60.2 million in Q1 2014 mainly due to lower contribution from the LPG distribution business. Operating profit before interest increased 63% to \$3.9 million in Q1 2015 from \$2.4 million in Q1 2014 mainly due to write-back of provisions following the finalisation of accounts of completed engineering projects.

Technology & Manufacturing

Revenue increased 36% to \$227.2 million in Q1 2015 from \$167.4 million in Q1 2014 mainly due to higher contribution from MFLEX. Operating profit before interest was \$16.6 million in Q1 2015 compared with a loss of \$27.0 million in Q1 2014 mainly due to the turnaround and positive profit contribution by MFLEX.

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 2015 results are in line with the statement made in paragraph 10 of the Company's FY 2014 results announcement on 27 February 2015.

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 property cooling measures implemented by the Singapore Government and the slower economic growth in China may continue to weigh on the sentiment of home buyers. The accounting treatment on revenue recognition for certain projects using the completion-of-construction method will result in volatility in the recognition of revenues and profits. Nevertheless, the progressive revenue recognition of *Eight Riversuites* using the percentage-of-completion method and the Group's portfolio of investment properties will help to reduce this volatility.

On 8 May 2015, MFLEX has announced that it remains focused on maintaining solid relationships with their current customers, while further diversifying their customer and product base.

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 If no dividend has been declared/recommended, a statement to that effect.

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 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 has obtained a general mandate from shareholders for interested person transactions (IPTs) at the Annual General Meeting held on 24 April 2015. There was no IPT with amount exceeding \$100,000 each for the period ended 31 March 2015.

BY ORDER OF THE BOARD
Heng Fook Pyng, Jeslyn
Secretary
15 May 2015

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 2015 financial results to be false or misleading in any material aspect.

On behalf of the Board,

.....
TAN NGIAP JOO
Chairman

.....
NORMAN IP KA CHEUNG
Non-Executive Director