



Q1 2016 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group		
	31/3/2016	31/3/2015	Change
	\$000	\$000	%
Revenue	333,551	515,261	(35)
Cost of sales	(275,168)	(429,535)	(36)
Gross profit	58,383	85,726	(32)
Other items of income			
Interest income	1,135	1,216	(7)
Other income	967	11,198	(91)
Other items of expense			
Distribution costs	(11,430)	(11,398)	–
Administrative expenses	(34,398)	(38,195)	(10)
Finance costs	(10,350)	(10,788)	(4)
Other expenses	(4,952)	(2,330)	113
Operating (loss)/profit	(645)	35,429	NM
Share of profit/(loss) from equity-accounted associates and joint ventures	2,290	(647)	NM
Profit before tax	1,645	34,782	(95)
Income tax expense	(2,224)	(1,678)	33
(Loss)/profit net of tax	(579)	33,104	NM
(Loss)/profit attributable to:			
Owners of the Company	6,942	24,985	(72)
Non-controlling interests	(7,521)	8,119	NM
	(579)	33,104	NM

NM: Not meaningful

–: Less than 1%

1(a)(ii) Other information

	Group	
	31/3/2016 \$000	31/3/2015 \$000
Depreciation and amortisation	(18,759)	(20,665)
Foreign exchange (loss)/gain	(1,235)	1,240
Gain on disposal of subsidiaries	–	2,975
Inventories write-down	(2,864)	(1,046)
Gain on disposal of assets of disposal group classified as held for sale	–	7,515
(Under)/over provision of prior years' tax	(195)	1,751
Realisation of translation reserve upon liquidation of subsidiaries	–	(274)
Reversal of impairment loss/(impairment loss) on trade receivables	104	(1,468)

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

	Group	
	31/3/2016 \$000	31/3/2015 \$000
(Loss)/profit net of tax for the period	(579)	33,104
Other comprehensive income		
Items that may be reclassified subsequently to income statement:		
(Losses)/gains on exchange differences on translation, net of tax	(42,808)	29,833
Gains on remeasuring available-for-sale financial assets, net of tax	297	297
Share of other comprehensive income from equity-accounted associates, net of tax	(719)	(358)
Other comprehensive income for the period, net of tax	(43,230)	29,772
Total comprehensive income for the period	(43,809)	62,876
Attributable to:		
Owners of the Company	(16,336)	40,491
Non-controlling interests	(27,473)	22,385
	(43,809)	62,876

1(b)(i) Statements of financial position

	Group		Company	
	31/03/2016	31/12/2015	31/03/2016	31/12/2015
	\$000	\$000	\$000	\$000
ASSETS				
<u>Non-current assets</u>				
Property, plant and equipment	341,099	359,385	23,446	23,424
Investment properties	1,857,823	1,857,542	676,864	676,572
Intangible assets	28,516	30,023	–	–
Interests in subsidiaries	–	–	1,326,445	1,343,594
Interests in associates	129,982	125,469	337	315
Interests in joint ventures	51,565	57,135	–	–
Deferred tax assets	52,209	61,981	–	–
Other investments	24,125	23,829	1,078	1,078
Total non-current assets	2,485,319	2,515,364	2,028,170	2,044,983
<u>Current assets</u>				
Inventories	100,861	109,103	–	–
Income tax receivables	654	638	–	–
Trade and other receivables	337,862	231,796	20,804	44,962
Gross amount due from customers for contract work	34,755	42,448	–	–
Prepayments	9,527	10,094	1,903	2,355
Properties held for sale	655,076	1,023,838	–	–
Bank balances and deposits	523,154	544,127	15,461	14,188
	1,661,889	1,962,044	38,168	61,505
Assets of disposal group classified as held for sale	1,912	2,185	–	–
Total current assets	1,663,801	1,964,229	38,168	61,505
Total assets	4,149,120	4,479,593	2,066,338	2,106,488
<u>EQUITY AND LIABILITIES</u>				
<u>Equity</u>				
Share capital	807,519	807,519	807,519	807,519
Treasury shares ⁽¹⁾	(62,313)	(62,313)	–	–
Retained earnings	1,085,771	1,078,829	791,451	785,094
Other reserves	(19,507)	6,568	3,929	3,929
Equity attributable to owners of the Company	1,811,470	1,830,603	1,602,899	1,596,542
Non-controlling interests	518,220	556,864	–	–
Total equity	2,329,690	2,387,467	1,602,899	1,596,542
<u>Non-current liabilities</u>				
Provisions	85,478	84,249	–	–
Deferred tax liabilities	62,100	80,388	–	–
Trade and other payables	4,091	3,166	–	–
Borrowings	585,159	829,458	–	250,295
Total non-current liabilities	736,828	997,261	–	250,295
<u>Current liabilities</u>				
Provisions	17,144	21,813	–	–
Income tax payable	33,140	34,976	3,986	3,206
Trade and other payables	362,648	420,843	16,326	21,545
Borrowings	654,425	614,303	443,127	234,900
Gross amount due to customers for contract work	14,885	2,364	–	–
	1,082,242	1,094,299	463,439	259,651
Liabilities of disposal group classified as held for sale	360	566	–	–
Total current liabilities	1,082,602	1,094,865	463,439	259,651
Total liabilities	1,819,430	2,092,126	463,439	509,946
Total equity and liabilities	4,149,120	4,479,593	2,066,338	2,106,488

⁽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 31/3/2016		As at 31/12/2015	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
181,493	472,932	337,748	276,555

- (b) Amount repayable after one year

As at 31/3/2016		As at 31/12/2015	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
583,277	1,882	580,449	249,009

- (c) Details of any collaterals

The borrowings are generally secured on certain investment properties and properties held for sale and/or by fixed and floating charges over certain assets of certain subsidiaries.

1(c) Statement of cash flows

	Group	
	31/3/2016	31/3/2015
	\$000	\$000
Cash flows from operating activities		
Profit before tax	1,645	34,782
Amortisation of intangible assets	605	560
Depreciation of property, plant and equipment	18,154	20,105
Dividend income from other investments	(176)	(432)
Finance costs	10,350	10,788
Gain on disposal of assets of disposal group classified as held for sale	–	(7,515)
Impairment loss on intangible assets	–	76
Interest income	(1,135)	(1,216)
Loss/(gain) on disposal of property, plant and equipment	351	(29)
Net inventories written-down	2,864	1,046
Net gain on disposal/liquidation of subsidiaries	–	(2,701)
Property, plant and equipment written-off	82	72
Share-based compensation expenses	1,454	1,655
Share of (profit)/loss from equity-accounted associates and joint ventures	(2,290)	647
Unrealised exchange (gain)/loss	(14,709)	5,157
Operating cash flows before changes in working capital	17,195	62,995
Properties held for sale		
- Development expenditure	(7,922)	(71,182)
- Proceeds from progress billings	376,280	52,851
Decrease in trade and other payables and provisions	(71,287)	(70,395)
Decrease in inventories	5,548	13,186
(Increase)/decrease in trade and other receivables	(105,671)	57,332
Decrease in gross amount due from customers for contract work	7,686	25
Increase in gross amount due to customers for contract work	12,521	8,434
Cash flows from operations	234,350	53,246
Income taxes paid	(13,471)	(19,558)
Interest paid	(13,252)	(15,464)
Interest received	1,279	1,272
Net cash flows from operating activities	208,906	19,496
Cash flows from investing activities		
Acquisition of intangible assets	(139)	(340)
Acquisition of non-controlling interests	(2,683)	(106)
Change in restricted deposits	(1,431)	42,426
Disposal of subsidiaries, net of cash disposed of (Note A)	–	(8,698)
Dividends received from joint ventures	–	12,637
Dividends received from other investments	176	432
Decrease/(increase) in amounts due from associates and joint ventures	1,069	(2,801)
Investments in associates	–	(20)
Proceeds from disposal of assets of disposal group classified as held for sale	–	11,455
Proceeds from disposal of property, plant and equipment	271	132
Purchase of property, plant and equipment	(9,954)	(3,101)
Properties development expenditure	(373)	(587)
Net cash flows (used in)/from investing activities	(13,064)	51,429

1(c) Statement of cash flows (continued)

	Group	
	31/3/2016	31/3/2015
	\$000	\$000
Cash flows from financing activities		
Dividends paid to non-controlling interests of subsidiaries	–	(7,620)
(Decrease)/increase in short-term loans	(60,945)	5,861
Increase in trust receipts and bills payable	772	–
Proceeds from issuance of shares upon exercise of share options	–	9
Proceeds from long-term loans	15,674	8,139
Repayment of long-term loans	(163,856)	(18,602)
Net cash flows used in financing activities	(208,355)	(12,213)
Net (decrease)/increase in cash and cash equivalents	(12,513)	58,712
Cash and cash equivalents, beginning balance	481,579	537,818
Effect of exchange rate changes on cash and cash equivalents	(14,154)	9,983
Cash and cash equivalents, ending balance	454,912	606,513
Cash and cash equivalents comprise:		
Bank balances and deposits	523,154	674,901
Restricted deposits ⁽¹⁾	(63,979)	(63,700)
Bank overdrafts	(4,263)	(4,688)
Cash and cash equivalents	454,912	606,513

⁽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	
	31/3/2016	31/3/2015
	\$000	\$000
Property, plant and equipment	–	3,565
Intangible assets	–	1,469
Deferred tax assets	–	390
Inventories	–	355
Trade and other receivables	–	24,264
Bank balances and deposits	–	25,665
Income tax payables	–	(566)
Trade and other payables	–	(28,442)
Borrowings	–	(2,519)
Net assets disposed	–	24,181
Foreign currency translation reserve realised	–	174
Less: Non-controlling interests	–	(10,089)
Net gain on disposal/liquidation of subsidiaries	–	2,701
Total consideration	–	16,967
Cash and cash equivalents in subsidiaries disposed/liquidated	–	(25,665)
Cash flow arising from disposal/liquidation of subsidiaries	–	(8,698)

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

GROUP

	<u>Attributable to owners of the Company</u>						
	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares [#]	Retained earnings	Other reserves	Non- controlling interests
		\$000					
Opening balance at 1/1/2016	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864
(Loss)/profit for the period	(579)	6,942	–	–	6,942	–	(7,521)
Losses on exchange differences on translation, net of tax	(42,808)	(22,856)	–	–	–	(22,856)	(19,952)
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	(719)	(719)	–	–	–	(719)	–
Other comprehensive income for the period	(43,230)	(23,278)	–	–	–	(23,278)	(19,952)
Total comprehensive income for the period	(43,809)	(16,336)	–	–	6,942	(23,278)	(27,473)
Contributions by and distributions to owners							
Cash distribution payable to non-controlling interests	(12,586)	–	–	–	–	–	(12,586)
	(12,586)	–	–	–	–	–	(12,586)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,683)	1,169	–	–	–	1,169	(3,852)
Dilution of interests in subsidiaries	(55)	(4,673)	–	–	–	(4,673)	4,618
Employee share option scheme/ share appreciation rights: - value of employee services	1,356	707	–	–	–	707	649
Total changes in ownership interests in subsidiaries	(1,382)	(2,797)	–	–	–	(2,797)	1,415
Total transactions with owners in their capacity as owners	(13,968)	(2,797)	–	–	–	(2,797)	(11,171)
Closing balance at 31/3/2016	2,329,690	1,811,470	807,519	(62,313)	1,085,771	(19,507)	518,220

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

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

GROUP

	<u>Attributable to owners of the Company</u>						
	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)

COMPANY

	Total equity	Share capital	Retained earnings	Other reserves
	\$000	\$000	\$000	\$000
Opening balance at 1/1/2016	1,596,542	807,519	785,094	3,929
Profit for the period	6,357	–	6,357	–
Total comprehensive income for the period	6,357	–	6,357	–
Closing balance at 31/3/2016	<u>1,602,899</u>	<u>807,519</u>	<u>791,451</u>	<u>3,929</u>
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	<u>1,623,454</u>	<u>807,279</u>	<u>806,481</u>	<u>9,694</u>

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

During Q1 2016, there was no ordinary stock unit issued arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 31 March 2016, there were 709,386 (31 March 2015: 1,616,870) 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.

With effect from July 2015 and under the Singapore Companies (Amendment) Act 2014, WBL is permitted to maintain its shareholding in UEL, subject to certain restrictions.

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 2016, the Company's issued and paid-up ordinary share capital (including the 21,712,000 ordinary stock units held by WBL) was 637,228,603 ordinary stock units (31 December 2015: 637,228,603).

As at 31 March 2016, the Group's issued and paid-up ordinary share capital (excluding the 21,712,000 ordinary stock units held by WBL) was 615,516,603 ordinary stock units (31 December 2015: 615,516,603).

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 2015.

- 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 2016.

Amendments to FRS 1 Disclosure Initiative

Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception

Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations

Improvements to FRSs (November 2014)

(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations

(b) Amendments to FRS 107 Financial Instruments: Disclosures

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	
	31/3/2016	31/3/2015
(a) Basic*:	1.1	3.9
(b) Diluted**:	1.1	3.9
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	637,228,603	637,071,568
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	637,268,212	637,274,042

* 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	
	31/3/2016	31/12/2015	31/3/2016	31/12/2015
Net asset per ordinary stock unit based on the total number of issued stock units	<u>\$2.94⁽¹⁾</u>	<u>\$2.97⁽¹⁾</u>	<u>\$2.52</u>	<u>\$2.51</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

Q1 2016 compared with Q1 2015

Revenue decreased 35% to \$333.6 million in Q1 2016 from \$515.3 million in Q1 2015. This was mainly due to lower revenue recognition from *Eight Riversuites*, which has sold 98% of the total units, and lower revenue contribution from Multi-Fineline Electronix, Inc. (MFLEX). As a result, gross profit decreased 32% to \$58.4 million in Q1 2016.

Other income decreased 91% to \$1.0 million in Q1 2016 from \$11.2 million in Q1 2015 mainly due to the absence of divestment and disposal gains in Q1 2016.

Administrative expenses decreased 10% to \$34.4 million in Q1 2016 from \$38.2 million in Q1 2015 mainly due to lower staff and related costs in Q1 2016.

Other expenses increased 113% to \$5.0 million in Q1 2016 from \$2.3 million in Q1 2015 mainly due to foreign exchange losses recorded in Q1 2016.

Share of profit from equity-accounted associates and joint ventures was \$2.3 million in Q1 2016 compared to loss of \$0.6 million in Q1 2015 mainly due to the share of profit from an environmental engineering associate in Singapore as well as lower share of losses from the overseas associates and joint ventures.

Income tax expense increased 33% to \$2.2 million in Q1 2016 from \$1.7 million in Q1 2015. The higher income tax expense in Q1 2016 was mainly due to non-availability for group relief of losses incurred by certain subsidiaries. The lower income tax expense in Q1 2015 was mainly due to the write-back of over provision for prior years' income tax.

The Group's attributable profit decreased 72% to \$6.9 million in Q1 2016 from \$25.0 million in Q1 2015.

The Group recorded attributable comprehensive loss of \$16.3 million in Q1 2016 mainly due to the unrealised foreign exchange losses arising from the translation of its net investment in foreign subsidiaries because of the unfavourable movement of US Dollars and Renminbi against Singapore Dollars.

Financial position review

- Current trade and other receivables increased by \$106 million mainly due to the recognition of retention sums upon the completion of the *Eight Riversuites* project.
- Properties held for sale decreased by \$369 million mainly due to the completion of the *Eight Riversuites* project.
- Total borrowings decreased by \$204 million mainly due to repayment of external bank borrowings.
- Current trade and other payables declined by \$58 million mainly due to the decrease of trade payables in the technology business.
- Other reserves decreased by \$26 million mainly due to translation loss from net investment in foreign operations.

Cash flow review

As at 31 March 2016, the Group had cash and cash equivalents of \$455 million. In Q1 2016, the Group received \$376 million mainly from the progress billings for *Eight Riversuites* project and utilised \$225 million for the repayment of external bank borrowings. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2015 to 31 March 2016 were mainly the result of the Group's other ongoing operations.

Operation review

Property Rental & Services

Revenue increased marginally to \$33.9 million in Q1 2016 from \$33.8 million in Q1 2015. Operating profit before interest increased 25% to \$18.2 million in Q1 2016 from \$14.6 million in Q1 2015 mainly due to lower staff and related costs.

Property Development

Revenue decreased 75% to \$43.7 million in Q1 2016 from \$173.8 million in Q1 2015 mainly due to lower revenue recognition from the property sales at *Eight Riversuites*. Operating loss before interest was \$0.4 million in Q1 2016 compared with a profit of \$7.0 million in Q1 2015 mainly due to lower revenue and higher operating expenses incurred by the China operations.

Engineering & Distribution

Revenue increased 34% to \$77.2 million in Q1 2016 from \$57.8 million in Q1 2015 mainly due to higher contribution from the environmental engineering business. Operating profit before interest increased 26% to \$4.9 million in Q1 2016 from \$3.9 million in Q1 2015 mainly due to higher margin recorded for certain ongoing environmental engineering projects.

Technology & Manufacturing

Revenue decreased 28% to \$164.4 million in Q1 2016 from \$227.2 million in Q1 2015 mainly due to lower revenue contribution from MFLEX. Operating loss before interest was \$11.3 million in Q1 2016 compared with a profit of \$16.6 million in Q1 2015 mainly due to the losses incurred by MFLEX in Q1 2016 as a result of lower sales volume and gross margin mainly attributable to softness in the global smartphone market. This was partly offset by better performance from the precision engineering manufacturing operations in China.

- 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 2016 results are in line with the statement made in paragraph 10 of the Company's FY 2015 results announcement on 26 February 2016.

- 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 global economic slowdown and the weaker economic prospects in Singapore coupled with the sustained impact of the property cooling measures will continue to weigh on the sentiment of the property markets in Singapore. The Group's China Property division is likely to continue to face challenging operating conditions against the backdrop of slower economic growth and patchy demand in the property market in China. 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 revenue generated from the Group's portfolio of investment properties will help to reduce this volatility.

Other Matters

On 5 February 2016, the Company announced the proposed disposal of its indirectly owned subsidiary, MFLEX to Suzhou Dongshan Precision Manufacturing Co., Ltd. The proposed disposal is subject to the fulfilment or wavier of certain pre-conditions including the approval of the shareholders of the Company to be obtained at an extraordinary general meeting.

- 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 29 April 2016. There was no IPT with amount exceeding \$100,000 for the period ended 31 March 2016.

14 Confirmation that the Issuer has procured undertaking from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD

Tan Swee Hong
Secretary
11 May 2016

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 2016 financial results to be false or misleading in any material aspect.

On behalf of the Board,

.....
TAN NGIAP JOO
Chairman

.....
NORMAN IP KA CHEUNG
Group Managing Director