



(Incorporated in the Republic of Singapore)  
(Company Registration No. 191200018G)

## NEWS RELEASE

### **Q1 2008 revenue increased 9%, gross profit up 20%**

**Excluding fair value adjustments, quarterly attributable profit  
increased more than 200%**

**SINGAPORE, 12 May 2008** – **United Engineers Limited** ('the Group') announced that its Q1 2008 revenue increased by nine per cent to \$133.6 million. The modest increase was due to a strategic move to be selective with projects due to escalating material prices and manpower shortage.

Gross profit rose 20 per cent to \$28.4 million and gross profit percentage went up to 21.3 per cent compared to 19.2 per cent in Q1 2007, mainly due to higher rental rates and partial recognition of income from the sale of the Group's condominium project, *The Rochester*.

Operating profit was affected by fair value losses from the Group's short-term investments and carrying value of the Group's interest in Anhui Hefei United Power Generation Company Limited (AHUP). Other income decreased by 95 per cent to \$0.6 million due to fair value gains from short-term investments recognised in Q1 2007. Other expenses increased by 459 per cent to \$13.8 million due to fair value losses of \$2.9 million from short-term investments and \$8.0 million (\$4.4 million attributable to the Group, after minority interest) relating to the carrying value of AHUP.

Finance costs decreased from \$4.9 million in Q1 2007 to \$2.8 million due to lower interest rates in Q1 2008 and the capitalisation of interest on the Group's development projects. The taxation credit in Q1 2008 arose primarily from group tax relief.

The share of results from equity-accounted associates saw a loss of \$0.6 million compared to a profit of \$2.8 million in Q1 2007 because of the cessation of contribution from AHUP with

effect from 1 December 2007 arising from the proposed divestment of AHUP, which has been approved by shareholders at an Extraordinary General Meeting held on 25 April 2008 and is pending finalisation.

### **Attributable profit up more than 200% if excluding fair value adjustments**

The Group's attributable profit decreased by 90 per cent to \$1.2 million. Excluding fair value adjustments mentioned in the above, attributable profit for Q1 2008 is \$8.4 million compared to \$2.7 million in Q1 2007, which represents an increase of over 200 per cent on a quarter-on-quarter basis.

The loss attributable to minority interest in Q1 2008 accrued mainly from its share of the fair value adjustment in the carrying value of AHUP.

Earnings per ordinary stock unit decreased to 0.5 cents compared to 5.4 cents in Q1 2007. Net asset per ordinary stock unit was \$3.54 as at 31 March 2008 compared to \$3.55 as at the end of 2007.

### **Segmental review**

In the Engineering & Construction Division, quarterly comparison of results is not meaningful as progress billings of job completion vary from project to project. Revenue decreased by 8 per cent to \$88.6 million due to continued stringent job selection. The division also recorded a fair value loss on short-term investments, resulting in an operating loss of \$1.4 million, compared to a profit of \$16.0 million in Q1 2007 (which included a fair value gain of \$9.1 million).

The Integrated Facility Management division (including property development activities) increased its revenue by 44 per cent to \$44.3 million, mainly due to higher rental rates and the partial recognition of the sale of *The Rochester*. Arising from the higher revenue, the division's profit before interest and tax grew 111 per cent to \$8.1 million.

### **Order book**

With an order book of \$1.1 billion, the Group will continue to execute several large building and infrastructure projects in Singapore and the region over the next 12 months. Continued pressure from rising costs of building materials, energy and manpower resources will have an impact on the engineering and construction industry.

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**About United Engineers Limited**

Established in 1912, the Group is a reputable corporation with key activities in Engineering, Construction and Integrated Facility Management. The Group's strong track record and end-to-end capabilities from Design, Build, and Manage have given it a competitive edge in today's business. One of the first listed companies in Singapore, the Group today has more than 5,000 employees and operations in about 12 countries across the Asia Pacific region.

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