

## NEWS RELEASE



# UE's Full-Year Revenue up 16% due to Progressive Recognition of Property Sales

**SINGAPORE, 27 February 2009** – **United Engineers Limited** ('the Group') announced for the year ended 31 December 2008, revenue increased \$84.8 million, or 16 per cent, to \$624.6 million mainly due to the progressive recognition of revenue from the sale of residential projects, *The Rochester at one-north* and *Park Central @ AMK* at Ang Mo Kio. Arising from the increased revenue, gross profit rose \$40.3 million, or 39 per cent, to \$144.6 million. Gross profit percentage improved to 23.2 per cent compared with 19.3 per cent in 2007.

The Group recognised a deficit of \$570,000 on revaluation of investment properties compared with a surplus of \$199.6 million in 2007.

Other income decreased \$18.0 million, or 80 per cent, from \$22.5 million in 2007 to \$4.6 million mainly due to the absence of fair value gains and gains from partial divestment of the Group's short-term investments and investment properties recognised in 2007.

Other expenses decreased \$19.9 million, or 28 per cent, to \$50.4 million mainly due to the following charges recognised in 2007:

- A fair value charge of \$22.3 million arising from the Group's then proposed disposal of its shareholding in Anhui Hefei United Power Generation Company Limited ("AHUP"); and
- Realisation of a foreign exchange translation reserve of \$18.8 million upon waiver of debts to an Indonesian subsidiary.

Against these reductions, in 2008 the Group recognised a \$9.3 million impairment charge on available-for-sale investments and \$6.9 million fair value losses on short-term investments arising from the sharp drop in share prices.

Finance costs decreased from \$16.7 million in 2007 to \$11.5 million due to lower interest rates in 2008.

Income tax expense was higher due to provision for taxation for development profit residential projects.

The share of profit from equity-accounted associates and joint venture decreased \$7.3 million, or 72 per cent, to \$2.8 million due to the cessation of contribution from AHUP.

### **Attributable Profit**

The Group's attributable profit was \$6.0 million in 2008 compared with \$176.2 million in 2007. Excluding the revaluation of investment properties, the attributable profit was \$6.6 million in 2008 compared with a loss of \$23.4 million in 2007.

Earnings per ordinary stock unit was 2.7 cents compared with 80.4 cents in 2007.

Net asset per ordinary stock unit stood at \$3.46 as at 31 December 2008 compared with \$3.55 as at the end of 2007.

### **Segment Review**

In the Engineering & Construction ("E&C") division, yearly comparison of results is not meaningful as progress billings of job completion vary from project to project. Revenue increased \$10.6 million, or 3 per cent, to \$418.2 million due to the completion of numerous projects in the division. Arising from the increased revenue, gross margin increased \$8.8 million, or 22 per cent, to \$48.7 million. The E&C division recorded a fair value loss on short-term investments of \$6.9 million, resulting in an operating loss of \$22.0 million compared with an operating profit of \$7.4 million in 2007 (which included fair value gains and gains from partial divestment of short-term investments and investment properties amounting to \$19.8 million).

The Integrated Facility Management ("IFM") division increased its revenue by \$84.1 million, or 62 per cent, to \$220.6 million. This was due to the progressive recognition of revenue from the sale

of *The Rochester* and *Park Central @ AMK* as well as higher rental rates for office space and serviced apartments at *UE Square*. The division's profit before interest and tax decreased \$172.5 million, or 77 per cent, to \$52.4 million due to the revaluation surplus of \$186.0 million for *UE Square* in 2007.

With an order book of \$791 million, the Group will continue to execute several large-scale building and infrastructure projects over the next 12 months. While these projects will keep the Group preoccupied, the Group will likely face stiffer competition in replenishing its order books due to the challenging environment brought about by the economic slowdown in Singapore and the countries it operates in. Maintaining current gross margins will be a challenge although lower building material and energy costs are forecasted. Interest expense is expected to increase due to higher loan spreads charged by banks as a result of the global credit crisis. The effect is expected to be mitigated by the renounceable underwritten rights issue of \$132,974,599 in aggregate principal amount due in 2014, as previously announced on 30 December 2008.

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**For more information, please contact:**

David Lim  
Corporate Communications & Investor Relations  
United Engineers Limited  
DID: 6830 8358  
HP: 9677 3846  
Email: davidlim@uel.com.sg

**About United Engineers Limited**

Established in 1912, the UE 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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