

## NEWS RELEASE



### **Q1 2009 Revenue up 11% due to Property Sales**

**SINGAPORE, 14 May 2009** – **United Engineers Limited** ('the Group') announced that in Q1 2009, revenue increased 11% to \$148.9 million mainly due to progressive recognition of revenue from the sales of residential projects, *The Rochester* in one-north and *Park Central @ AMK* in Ang Mo Kio. Arising from the increased revenue, gross profit rose 19% to \$34.0 million. Gross margin percentage improved to 22.8% compared with 21.3% in Q1 2008.

Other expenses decreased by 71% to \$4.0 million mainly due to a fair value charge of \$8.0 million arising from the Group's then proposed disposal of its shareholding interest in Anhui Hefei United Power Generation Company Limited and fair value losses of \$2.9 million from short-term investments recognised in Q1 2008.

Finance costs of \$2.7 million was comparable to \$2.8 million in Q1 2008.

The share of profit from equity-accounted associates and joint ventures was \$0.4 million compared with the share of loss of \$0.6 million in Q1 2008.

Income tax expense was \$1.2 million compared with taxation credit of \$3.2 million in Q1 2008 which arose primarily due to group tax relief.

#### **Attributable Profit**

Overall, the Group's attributable profit increased to \$8.5 million compared with \$1.2 million in Q1 2008.

Earnings per ordinary stock unit was 3.8 cents compared with 0.5 cents in Q1 2008.

Net asset per ordinary stock unit was \$3.56 as at 31 March 2009 compared with \$3.46 as at 31 December 2008.

### **Segment Review**

In the **Engineering & Construction (E&C) Division**, quarterly comparison of results is not meaningful as progress billings of job completion vary from project to project. Revenue decreased 4% to \$87.5 million mainly due to continued stringent job selection. Arising from the decreased revenue, gross margin decreased 4% to \$8.9 million. The E&C Division recorded an operating loss of \$2.0 million mainly due to currency translation losses of \$2.2 million.

The **Integrated Facility Management (IFM) Division** (including property development) increased its revenue by 61% to \$67.4 million. This was mainly due to the progressive recognition of revenue from the sales of *The Rochester* in one-north and *Park Central @ AMK* in Ang Mo Kio. Profit before interest and tax for the IFM Division increased 45% to \$13.4 million.

### **Order Books**

With an order book of \$741 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 busy, the Group will also 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 anticipated. Interest expense is expected to increase due to higher loan margins 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 \$133 million due 2014.

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### **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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