

NEWS RELEASE



UE first half revenue up 15% and gross profit 20%

SINGAPORE, 11 August 2009 – **United Engineers Limited** ('the Group') increased its revenue by \$27.0 million (19%) to \$167.2 million in Q2 2009 mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* at one north and *Park Central @ AMK* at Ang Mo Kio. Arising from the increased revenue, gross profit rose \$6.8 million (21%) to \$39.6 million. Gross profit percentage was 23.7% compared with 23.4% in Q2 2008.

Other income increased by \$3.3 million (197%) to \$5.0 million in Q2 2009 mainly due to fair value gains from the Group's short-term investments.

Finance costs increased \$0.5 million (18%) to \$3.3 million Q2 2009.

The share of loss from equity-accounted associates and joint ventures was \$2.2 million compared with the share of profit of \$1.0 million in Q2 2008. This was mainly due to the reduction of the overall development profit of the Balmoral Crescent project arising from the bulk sales of the remaining 21 apartment units by the Group's 50%-owned joint venture, Balmoral Development Pte Ltd (BDPL). BDPL entered into the transaction in February 2009 and concluded it in Q2 2009.

H1 2009 & H1 2008 performance comparison

In H1 2009, revenue increased \$42.3 million (15%) to \$316.1 million mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* at one north and *Park Central @ AMK* at Ang Mo Kio. Arising from the increased revenue, gross profit

rose \$12.4 million (20%) to \$73.6 million. Gross profit percentage improved to 23.3% compared with 22.4% in H1 2008.

Other income increased \$3.8 million (166%) to \$6.1 million in H1 2009 mainly due to fair value gains from the Group's short-term investments.

Other expenses decreased \$8.2 million (38%) to \$13.4 million as there was a fair value charge of \$11.1 million arising from the Group's disposal of its shareholding interest in Anhui Hefei United Power Generation Company Limited recognised in H1 2008.

The share of loss from equity-accounted associates and joint ventures was \$1.9 million compared with the share of profit of \$0.3 million in H1 2008 as explained above.

Income tax expense was \$3.7 million compared with taxation credit of \$2.1 million in H1 2008 which arose primarily from group tax relief.

Higher attributable profit

The Group's attributable profit for Q2 2009 increased to \$11.2 million compared with \$7.4 million in Q2 2008. For H1 2009, the attributable profit was \$19.7 million compared to \$8.7 million in H1 2008.

Earnings per ordinary stock unit (EPS) increased to 5.0 cents compared with 3.4 cents in Q2 2008. EPS for the half-year ended 30 June 2009 and 30 June 2008 were 8.8 cents and 3.9 cents respectively.

Net asset per ordinary stock unit stood at \$3.51 as at 30 June 2009 compared with \$3.46 as at 31 December 2008.

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. In Q2 2009, revenue increased \$1.0 million (1%) to \$107.9 million and gross profit percentage improved over Q2 2008. In H1 2009, revenue decreased \$2.7 million (1%) to \$195.4 million due to continued stringent job selection. The division recorded an operating profit of \$5.2 million mainly due to fair value gains on short-term investments.

The Integrated Facility Management division (including property development) increased its revenue by \$26.5 million (63%) to \$68.9 million in Q2 2009 and \$52.2 million (62%) to \$136.3 million in H1 2009. This was mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* at one north and *Park Central @ AMK* at Ang Mo Kio. Profit before interest and tax for the division increased \$8.2 million (75%) to \$19.2 million in Q2 2009 and \$12.4 million (61%) to \$32.6 million in H1 2009.

Order books

With an order book of \$736 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 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. Although some stability has been restored in the Singapore economy, the outlook for the rest of 2009 and beyond remain uncertain. The Group continues to focus on taking advantage of opportunities that may arise in its markets.

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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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