

Q1 2010 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q1 RESULTS

These figures have not been audited.

1(a)(i) Income Statement for the first quarter ended:

	Group		
	31/3/2010 \$000	31/3/2009 \$000	Change %
Revenue*	195,938	148,897	32
Cost of Sales	(138,727)	(114,939)	21
Gross Profit	57,211	33,958	68
<u>Other Items of Income</u>			
Interest Income	769	418	84
Other Income	3,534	1,038	240
<u>Other Items of Expense</u>			
Distribution Costs	(2,655)	(2,354)	13
Administrative Expenses	(17,463)	(17,912)	(3)
Finance Costs	(1,170)	(2,677)	(56)
Other Expenses	(2,479)	(2,773)	(11)
<b>Operating Profit</b>	<b>37,747</b>	<b>9,698</b>	<b>289</b>
Share of Profit from Equity-Accounted Associates and Joint Ventures	778	366	113
Profit Before Tax	38,525	10,064	283
Income Tax Expense	(8,939)	(1,184)	655
<b>Profit Net of Tax</b>	<b>29,586</b>	<b>8,880</b>	<b>233</b>
Profit Attributable to Owners of the Parent, Net of Tax	28,152	8,478	232
Profit Attributable to Non-Controlling Interests, Net of Tax	1,434	402	257
	<b>29,586</b>	<b>8,880</b>	<b>233</b>
<u>Earnings per Stock Unit (cents)</u>			
Earnings per Stock (Basic)	11.0¢	3.8¢	
Earnings per Stock (Diluted)	9.0¢	3.4¢	
<u>* Revenue comprises:</u>			
Sales of goods	4,622	7,288	(37)
Sales of residential apartments	96,568	30,852	213
Rendering of services	22,409	22,906	(2)
Revenue from construction contracts	52,724	70,797	(26)
Rental income	19,562	16,899	16
Dividend income	53	155	(66)
Total revenue	<b>195,938</b>	<b>148,897</b>	<b>32</b>

1(a)(ii) Other information:

	Group	
	31/3/2010 \$000	31/3/2009 \$000
Depreciation and Amortisation	(2,245)	(2,208)
Foreign Exchange Gain/(Loss)	3,150	(1,209)
Reversal of Impairment/(Impairment) Loss on Property, Plant and Equipment	1,407	(1,200)
Reversal of Impairment Loss on Assets and Disposal Groups Held for Sale under FRS 105	-	604

1(b)(i) Statements of Financial Position

	Group		Company	
	31/3/2010 \$000	31/12/2009 \$000	31/3/2010 \$000	31/12/2009 \$000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, Plant and Equipment	41,131	42,350	3,171	2,963
Investment Properties	958,968	912,978	661,892	636,000
Intangible Assets	27,295	25,867	-	-
Investments in Subsidiaries	-	-	316,192	281,623
Investments in Associates	59,728	63,725	315	315
Investments in Joint Ventures	47,193	43,410	-	-
Deferred Tax Assets	2,328	2,328	-	-
Other Investments	6,837	6,667	5,725	5,556
<b>Total Non-Current Assets</b>	<b>1,143,480</b>	<b>1,097,325</b>	<b>987,295</b>	<b>926,457</b>
<b>Current Assets</b>				
Inventories	7,968	7,999	-	-
Income Tax Receivables	4,397	4,248	-	-
Trade and Other Receivables	177,095	192,184	28,299	26,700
Other Investments	16,366	16,721	-	-
Gross Amount due from Customers for Contract Work	26,635	36,202	-	-
Prepayments	3,286	3,203	42	105
Properties Held for Sale	294,522	260,810	-	-
Cash and Cash Equivalents	319,647	318,192	132,956	152,532
<b>Total Current Assets</b>	<b>849,916</b>	<b>839,559</b>	<b>161,297</b>	<b>179,337</b>
<b>Total Assets</b>	<b>1,993,396</b>	<b>1,936,884</b>	<b>1,148,592</b>	<b>1,105,794</b>

1(b)(i) Statements of Financial Position (continued):

	Group		Company	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
	\$000	\$000	\$000	\$000
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>Equity</u></b>				
Share Capital	268,782	266,466	268,782	266,466
Retained Earnings	579,753	551,601	444,390	414,326
Other Reserves	55,542	59,858	23,430	23,354
<b>Equity, Attributable to Owners of the Parent</b>	<b>904,077</b>	<b>877,925</b>	<b>736,602</b>	<b>704,146</b>
Non-Controlling Interests	3,411	5,539	-	-
<b>Total Equity</b>	<b>907,488</b>	<b>883,464</b>	<b>736,602</b>	<b>704,146</b>
<b><u>Non-Current Liabilities</u></b>				
Deferred Tax Liabilities	25,516	21,210	2,039	2,039
Borrowings	435,974	423,625	195,468	187,926
<b>Total Non-Current Liabilities</b>	<b>461,490</b>	<b>444,835</b>	<b>197,507</b>	<b>189,965</b>
<b><u>Current Liabilities</u></b>				
Provisions	3,802	3,852	-	-
Income Tax Payable	19,634	14,871	11,612	7,806
Trade and Other Payables	243,352	241,651	16,720	17,762
Borrowings	336,450	340,017	186,151	186,115
Gross Amount due to Customers for Contract Work	21,180	8,194	-	-
<b>Total Current Liabilities</b>	<b>624,418</b>	<b>608,585</b>	<b>214,483</b>	<b>211,683</b>
<b>Total Liabilities</b>	<b>1,085,908</b>	<b>1,053,420</b>	<b>411,990</b>	<b>401,648</b>
<b>Total Equity and Liabilities</b>	<b>1,993,396</b>	<b>1,936,884</b>	<b>1,148,592</b>	<b>1,105,794</b>

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 31/3/2010		As at 31/12/2009	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
24,042	312,408	15,860	324,157

- (b) Amount repayable after one year

As at 31/3/2010		As at 31/12/2009	
\$000	\$000	\$000	\$000
Secured	Unsecured	Secured	Unsecured
236,102	199,872	231,592	192,033

- (c) Details of any collaterals

Investment properties amounting to \$6,004,000 at 31 March 2010 (31 December 2009: \$5,781,000) have been mortgaged to secure certain loan facilities to partially finance their developments. Property, plant and equipment and investment properties under construction with a total book value of \$2,480,000 (31 December 2009: \$2,508,000) and \$145,206,000 (31 December 2009: \$126,593,000) respectively have been mortgaged to secure borrowings and term loan facilities of certain subsidiaries. Properties held for sale amounting to \$547,342,000 (31 December 2009: \$485,356,000) have also been mortgaged to secure term loan facilities of certain subsidiaries.

1(c) Statement of Cash Flows

	Period Ended	
	31/3/2010	31/3/2009
	\$000	\$000
<u>Cash Flows From Operating Activities</u>		
Profit before Tax	38,525	10,064
Adjustments		
Depreciation of Property, Plant and Equipment	2,006	2,110
Interest Income	(769)	(418)
Finance Costs	1,170	2,677
Amortisation of Intangible Assets	239	98
Currency Realignment	481	(828)
Dividend Income from Investment Securities	(53)	(155)
Equity Share Options Issued	76	-
(Gain)/Loss on Disposal of Property, Plant and Equipment	(212)	4
Loss on Held for Trading Investments	200	3
(Reversal of Impairment)/Impairment Loss on Property, Plant and Equipment	(1,407)	1,200
Impairment Loss on Available-for-Sale Financial Assets	-	155
Reversal of Impairment Loss on Assets and Disposal Groups Held for Sale under FRS 105	-	(604)
Inventories Written-Down	10	86
Share of Profit from Equity-Accounted Associates and Joint Ventures	(778)	(366)
Unrealised Exchange Loss	-	975
Operating Cash Flows before Changes in Working Capital	39,488	15,001
Changes in Working Capital		
Properties Held for Sale		
- Development Expenditure	(61,897)	(23,741)
- Proceeds from Progress Billings	28,908	9,671
Decrease in Trade and Other Payables and Provisions	(1,455)	(28,571)
Decrease in Trade and Other Receivables	15,647	37,447
Decrease in Gross Amount due from Customers for Contract Work	9,814	9,566
Increase in Gross Amount due to Customers for Contract Work	12,986	12,081
Decrease in Inventories	96	382
Cash Flows From Operations	43,587	31,836
Income Taxes (Paid)/Refund	(204)	293
Interest Paid	(2,744)	(5,079)
Interest Received	781	430
Net Cash Flows From Operating Activities	41,420	27,480
<u>Cash Flows From Investing Activities</u>		
Acquisition of Intangible Assets	(1,540)	(949)
Acquisition of Investment Properties	(25,892)	-
Capital and Development Expenditure	(21,416)	(8,527)
Increase in Amounts due from Associates and Joint Ventures	(732)	(743)
Increase in Loans to Joint Ventures	(2,200)	(3,670)
Dividends Received from Investment Securities	53	155
Proceeds from Disposal of Property, Plant and Equipment	3,965	102
Proceeds from Disposal of Investment Properties	-	238
Net Cash Flows Used In Investing Activities	(47,762)	(13,394)

1(c) Statement of Cash Flows (continued)

	Period Ended	
	31/3/2010	31/3/2009
	\$000	\$000
<b>Cash Flows From Financing Activities</b>		
(Decrease)/Increase in Trust Receipts and Bills Payable	(1,678)	1,695
Dividends Paid to Non-Controlling Interests of Subsidiaries	(3,300)	-
Decrease in Short-Term Loans	(11,063)	(25,524)
Net Proceeds from Convertible Bonds	-	128,266
Proceeds from Long-Term Loans	38,203	7,598
Repayment of Long-Term Loans	(15,192)	(20,011)
<b>Net Cash Flows From Financing Activities</b>	<b>6,970</b>	<b>92,024</b>
Net Increase in Cash and Cash Equivalents	628	106,110
Cash and Cash Equivalents, Beginning Balance	307,885	164,575
<b>Cash and Cash Equivalents, Ending Balance</b>	<b>308,513</b>	<b>270,685</b>
Cash and Cash Equivalents comprise:		
Bank Balances and Deposits	319,647	284,003
Bank Overdrafts	(11,134)	(13,318)
<b>Cash and Cash Equivalents</b>	<b>308,513</b>	<b>270,685</b>

1(d) Statement of Comprehensive Income for the first quarter ended:

	Group	
	31/3/2010	31/3/2009
	\$000	\$000
<b>Profit Net of Tax for the Period</b>	<b>29,586</b>	<b>8,880</b>
<b>Other Comprehensive Income</b>		
(Losses)/Gains on Exchange Differences on Translation, Net of Tax	(138)	1,140
Losses on Remeasuring Available-for-Sale Financial Assets, Net of Tax	(155)	(89)
Share of Other Comprehensive Income from Equity-Accounted Associates, Net of Tax	(4,391)	6,232
Gains/(Losses) on Cash Flow Hedges, Net of Tax	30	(749)
<b>Other Comprehensive Income for the Period, Net of Tax</b>	<b>(4,654)</b>	<b>6,534</b>
<b>Total Comprehensive Income for the Period</b>	<b>24,932</b>	<b>15,414</b>
Total Comprehensive Income Attributable to Owners of the Parent	23,760	15,084
Total Comprehensive Income Attributable to Non-Controlling Interests	1,172	330
	<b>24,932</b>	<b>15,414</b>

1(e)(i) Statements of Changes in Equity

The Group	Attributable to Owners of the Parent								
	Total Equity	Equity Attributable to Owners of the Parent	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Translation Reserve	Other Reserves	Non- Controlling Interests
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Opening Balance at 1/1/2010	883,464	877,925	266,466	551,601	51,537	3,956	(8,830)	13,195	5,539
Profit for the Period	29,586	28,152	-	28,152	-	-	-	-	1,434
Other Comprehensive Income for the Period	(4,654)	(4,392)	-	-	(4,546)	-	124	30	(262)
Total Comprehensive Income for the Period	24,932	23,760	-	28,152	(4,546)	-	124	30	1,172
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	2,316	2,316	2,316	-	-	-	-	-	-
Equity Share Options Issued	76	76	-	-	-	76	-	-	-
Dividends Paid	(3,300)	-	-	-	-	-	-	-	(3,300)
Closing Balance at 31/3/2010	907,488	904,077	268,782	579,753	46,991	4,032	(8,706)	13,225	3,411
Opening Balance at 1/1/2009	836,907	765,761	227,320	517,244	21,674	3,772	(4,249)	-	71,146
Profit for the Period	8,880	8,478	-	8,478	-	-	-	-	402
Other Comprehensive Income for the Period	6,534	6,606	-	-	6,143	-	1,212	(749)	(72)
Total Comprehensive Income for the Period	15,414	15,084	-	8,478	6,143	-	1,212	(749)	330
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	10	10	10	-	-	-	-	-	-
Equity Portion of Convertible Bonds	7,560	7,560	-	-	-	-	-	7,560	-
Disposal of a Subsidiary	(61,981)	-	-	-	-	-	-	-	(61,981)
Closing Balance at 31/3/2009	797,910	788,415	227,330	525,722	27,817	3,772	(3,037)	6,811	9,495

1(e)(i) Statements of Changes in Equity (continued)

The Company

	Total Equity	Share Capital	Retained Earnings	AFS Reserve	Share Option Reserve	Other Reserves
	\$000	\$000	\$000	\$000	\$000	\$000
Opening Balance at 1/1/2010	704,146	266,466	414,326	5,279	3,956	14,119
Profit for the Period	30,064	-	30,064	-	-	-
Total Comprehensive Income for the Period	30,064	-	30,064	-	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	2,316	2,316	-	-	-	-
Equity Share Options Issued	76	-	-	-	76	-
Closing Balance at 31/3/2010	736,602	268,782	444,390	5,279	4,032	14,119
Opening Balance at 1/1/2009	664,205	227,320	428,282	4,831	3,772	-
Profit for the Period	6,408	-	6,408	-	-	-
Other Comprehensive Income for the Period	(22)	-	-	(22)	-	-
Total Comprehensive Income for the Period	6,386	-	6,408	(22)	-	-
Ordinary Shares Issued on Conversion of Convertible Bonds Converted into Ordinary Stocks	10	10	-	-	-	-
Equity Portion of Convertible Bonds	7,560	-	-	-	-	7,560
Closing Balance at 31/3/2009	678,161	227,330	434,690	4,809	3,772	7,560

1(e)(ii) Details of any changes in the company's issued share capital

During Q1 2010, the Company issued 1,984,056 ordinary shares on conversion of \$2,658,650 convertible bonds and no option was exercised under the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 31 March 2010, there were 6,469,050 (31 March 2009: 5,779,350) unexercised options for ordinary shares under Scheme 2000 and \$84,459,342 (31 March 2009 : \$132,964,899) convertible bonds which are convertible into 63,029,360 (31 March 2009 : 99,227,536) shares at the conversion price of \$1.34 per share.

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 auditors' report (including any qualifications or emphasis of matter)

NA

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 improvements to Financial Reporting Standards (FRS) issued in 2009, 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 2009.

- 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.

Adoption of improvements to FRS issued in 2009 (effective for annual financial periods beginning on or after 1 January 2010)

- Amendments to FRS 1 Presentation of Financial Statements	1 January 2010
- Amendments to FRS 7 Statement of Cash Flows	1 January 2010
- Amendments to FRS 18 Revenue	1 January 2010
- Amendments to FRS 36 Impairment of Assets	1 January 2010
- FRS 39 Financial Instruments: Recognition and Measurement	1 January 2010

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)

	Period Ended	
	31/3/2010	31/3/2009
(a) Basic*:	11.0¢	3.8¢
(b) Diluted**:	9.0¢	3.4¢
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	256,537,439	221,626,746
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	<u>320,259,020</u>	<u>253,668,048</u>

\* 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	
	31/3/2010	31/12/2009	31/3/2010	31/12/2009
Net asset per ordinary stock unit based on the total number of issued shares (excluding treasury shares) of				
257,829,707 (2009:				
255,845,651)	<u>\$3.51</u>	<u>\$3.43</u>	<u>\$2.86</u>	<u>\$2.75</u>



- 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

The Group's core businesses comprise Engineering & Construction (E&C) and Integrated Facility Management (IFM) which includes property development.

#### Q1 2010 compared with Q1 2009 Performance

In Q1 2010, Revenue increased by \$47.0 million (32%) to \$195.9 million from \$148.9 million in Q1 2009 mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* in one-north and *Park Central @ AMK* in Ang Mo Kio. Arising from the increased revenue, Gross Profit rose by \$23.3 million (68%) to \$57.2 million in Q1 2010. Gross Profit Percentage improved to 29.2% compared with 22.8% in Q1 2009.

Other Income increased by \$2.5 million from \$1.0 million in Q1 2009 to \$3.5 million mainly due to a currency translation gain of \$3.2 million.

Other Expenses decreased by \$0.3 million (11%) from \$2.8 million in Q1 2009 to \$2.5 million mainly due to the absence of a \$1.2 million currency translation loss in Q1 2009.

Finance Costs decreased from \$2.7 million (56%) in Q1 2009 to \$1.2 million due to lower interest rates in Q1 2010.

Income Tax Expense increased by \$7.8 million from \$1.2 million in Q1 2009 to \$8.9 million mainly due to higher operating profit as well as under provision of prior years' income tax.

#### Attributable Profit

The Group's **attributable profit** increased to \$28.2 million in Q1 2010 compared with \$8.5 million in Q1 2009.

**Earnings per ordinary stock unit (EPS)** was 11.0 cents compared with 3.8 cents in Q1 2009.

**Net asset per ordinary stock unit** stood at \$3.51 as at 31 March 2010 compared with \$3.43 as at 31 December 2009.

#### 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 increased by \$2.2 million (3%) to \$89.7 million in Q1 2010 mainly due to the completion of projects in the E&C Division. Arising from the increased revenue and higher margins, gross margin increased by \$5.8 million (65%) to \$14.8 million. The E&C Division recorded a currency translation gain of \$2.1 million, compared with a currency translation loss of \$1.1 million in Q1 2009. Overall operating profit was \$5.3 million compared with a loss of \$2.0 million in Q1 2009.

The **Integrated Facility Management (IFM) Division** (including property development) doubled its revenue to \$134.2 million in Q1 2010. This was mainly due to the progressive recognition of revenue from the sales of apartment units at *The Rochester* in one-north and *Park Central @ AMK* in Ang Mo Kio. The IFM Division's operating profit increased by \$20.5 million (153%) to \$33.9 million in Q1 2010 mainly due to the higher revenue.

## Cash Flow and Financial Position Review

As at 31 March 2010, the Group had a cash position of \$320 million. In Q1 2010, the Group incurred development expenditure of \$82 million for the *Vista Xchange* in one-north, *Park Central @ AMK* in Ang Mo Kio and *UE BizHub East* in Changi Business Park. Apart from the above, the Group's components of cash flow and financial position and changes in these components from 31 December 2009 to 31 March 2010 were the result of the Group's other ongoing operations.

- 9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

NA

- 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 Group will continue to execute several large-scale building and infrastructure projects over the next 12 months. The Group's outlook for Singapore, where the bulk of its businesses are based, is of a faster economic recovery, although its pace will depend on global economic conditions. As such, the Group will remain cautious in its expansion plans and investments.

- 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

NA

- (d) Books closure date

NA

- 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.

BY ORDER OF THE BOARD

Jeslyn Heng Fook Pyng

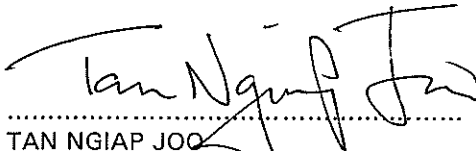
Secretary

7 May 2010

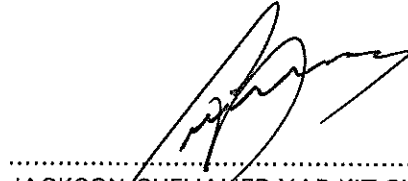
**Confirmation by the Board**

We, Tan Ngiap Joo and Jackson Chevalier Yap Kit Siong, 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 2010 financial results to be false or misleading.

On behalf of the Board,



.....  
TAN NGIAP JOO  
Chairman



.....  
JACKSON CHEVALIER YAP KIT SIONG  
Group Managing Director and  
Chief Executive Officer